Government of Canada
Gouvernement du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

2012

Volume I

Summary Report and Consolidated Financial Statements

Canada

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To His Excellency

The Right Honourable David Johnston,
C.C., C.M.M., C.O.M., C.D.,
Governor General and
Commander-in-Chief of Canada

May it please your Excellency:

I have the honour to present to Your Excellency the *Public Accounts of Canada* for the year ended March 31, 2012.

All of which is respectfully submitted.

Tony Clement

Tony Clement, P.C., M.P.
President of the Treasury Board and Minister
for the Federal Economic Development
Initiative for Northern Ontario

Ottawa, October 25, 2012

To The Honourable Tony Clement, P.C., M.P
President of the Treasury Board and
Minister for the Federal Economic
Development Initiative for Northern Ontario

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts of Canada* for the year ended March 31, 2012, to be laid by you before the House of Commons.

Respectfully submitted,

Rona Ambrose

Rona Ambrose, P.C., M.P.
Receiver General for Canada

Ottawa, October 25, 2012

To The Honourable Rona Ambrose, P.C., M.P.
Receiver General for Canada

Madam:

I have the honour to submit the *Public Accounts of Canada* for the year ended March 31, 2012.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts of Canada* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—The consolidated financial statements of Canada on which the Auditor General has expressed an opinion and provided his observations; a discussion and analysis of the consolidated financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II—Details of the financial operations of the Government, segregated by ministry; and

Volume III—Additional information and analyses.

Respectfully submitted,

Guimont

François Guimont
Deputy Receiver General for Canada

Ottawa, October 25, 2012

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VOLUME I

2011-2012

PUBLIC ACCOUNTS OF CANADA

Table of contents

Section

Introduction
1. Financial Statements Discussion and Analysis
2. Consolidated Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada
3. Revenues, Expenses and Accumulated Deficit
4. Consolidated Accounts
5. Accounts Payable and Accrued Liabilities
6. Interest-Bearing Debt
7. Cash and Accounts Receivable
8. Foreign Exchange Accounts
9. Loans, Investments and Advances
10. Non-Financial Assets
11. Contractual Obligations and Contingent Liabilities
12. Index

INTRODUCTION TO THE *PUBLIC ACCOUNTS OF CANADA*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General; and
- the detailed records, maintained by departments and agencies.

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in three volumes.

Volume I presents the audited consolidated financial statements of the Government, as well as additional financial information and analyses;

Volume II presents the financial operations of the Government, segregated by ministry; and

Volume III presents supplementary information and analyses.

SECTION 1

2011-2012

PUBLIC ACCOUNTS OF CANADA

Financial Statements Discussion and Analysis

CONTENTS

Page

Financial statements discussion and analysis 1.2
  Introduction 1.2
    2011-2012 financial highlights 1.2
  Discussion and analysis 1.3
    Economic highlights 1.3
    The budgetary balance 1.5
    Revenues 1.5
    Expenses 1.6
    Comparison of actual results to budget projections 1.8
    Accumulated deficit 1.9
    Risks and uncertainties 1.15
Ten year comparative financial information 1.16
  Detailed consolidated statement of operations and accumulated deficit 1.16
  Detailed consolidated statement of financial position 1.17
  Consolidated statement of change in net debt 1.18
  Consolidated statement of cash flow 1.19
  Detailed consolidated statement of non-budgetary transactions and of non-financial assets 1.20
  Detailed consolidated statement of foreign exchange, unmatured debt and cash transactions 1.21
Glossary of terms 1.22

NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in the ***Annual Financial Report*** prepared by the Department of Finance. This Report also includes condensed consolidated financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The ***Annual Financial Report*** is available on the Internet at http://www.fin.gc.ca/.

FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS

Introduction

The *Public Accounts of Canada* is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the *Public Accounts of Canada*, provides detailed supplementary information in respect of matters reported in the audited consolidated financial statements in Section 2 of this volume. Further discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada – Fiscal Year 2011-2012*, available on the Department of Finance's website.

The consolidated financial statements have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. A glossary of terms used in this financial statement discussion and analysis is provided at the end of this section.

2011-2012 Financial Highlights

- The Government posted a budgetary deficit of $26.2 billion for the fiscal year ended March 31, 2012, down from a budgetary deficit of $33.4 billion in 2010-2011 and down by more than half from the $55.6-billion budgetary deficit in 2009-2010.
- Revenues increased by $8.1 billion, or 3.4 percent, from 2010-2011, primarily reflecting higher income tax revenues and Employment Insurance (EI) premium revenues, offset somewhat by a decrease in other revenues. Program expenses increased by $0.8 billion, or 0.3 percent. Public debt charges were up $0.2 billion.
- The accumulated deficit (the difference between total liabilities and total assets) stood at $582.2 billion at March 31, 2012. The accumulated deficit-to-GDP (gross domestic product) ratio was 33.8 percent, down from 33.9 percent a year earlier. The accumulated deficit-to-GDP ratio at March 31, 2012 stood at less than half of its peak of 68.4 percent at March 31, 1996.
- As reported by the Organisation for Economic Co-operation and Development (OECD), Canada's total government net debt-to-GDP ratio, which includes the net debt of the federal, provincial / territorial and local governments, as well as the net assets held in the Canada Pension Plan and Québec Pension Plan, stood at 33.3 percent in 2011. This is the lowest level among G-7 countries, which the OECD expects will record an average net debt of 80.4 percent of GDP for the same year.

Discussion and Analysis

Economic Highlights(1)

The Canadian economy posted modest growth over the course of 2011 and in the first half of 2012, recording one of the best performances among the G-7 countries. This reflects Canada's sound economic, fiscal and financial sector fundamentals, along with the significant and timely support provided under the stimulus phase of Canada's Economic Action Plan.

Canada's real economic output (real GDP) expanded by 2.4 percent in 2011. As a result, real GDP is now well above its pre-recession levels—the best performance in the G-7. Canadian economic growth during 2011 was largely driven by sustained strength in demand from Canadian households and businesses. This more than offset weakness in the external sector.

The economic recovery has underpinned a strong rebound in Canada's labour market. By August 2012, the economy had created about 770,000 jobs relative to its trough in July 2009 – more than offsetting the jobs lost in Canada during the global economic downturn and the strongest job growth among G-7 countries over the recovery.

Despite this relatively positive performance, the global economic environment remains fragile and uncertain. The global recovery began to slow toward the end of 2011 and decelerated more notably early in 2012. The key factor underlying the slowdown has been the ongoing euro area sovereign debt and banking crisis. The euro area has seen virtually no growth over the last year, and several of its key economies fell back into recession in late 2011. In addition, the U.S. recovery continues to be sluggish as the country faces ongoing headwinds from deleveraging related to the housing crisis.

Although Canada's economy has performed better than most other advanced economies, it has not been immune to the impact of these external developments. Real GDP growth eased from 2.4 percent for 2011 as a whole to 1.8 percent in the first half of 2012. The impact of the slowing global economy is also reflected in the evolution of expectations for nominal GDP, which is the broadest single measure of the tax base. At the time of Budget 2011, private sector economists expected nominal GDP to expand by 5.0 percent in 2012. However, in response to weakening global economic prospects and declining commodity prices at the end of 2011 and in early 2012, private sector economists lowered their expectations for nominal GDP growth to 4.6 percent in Budget 2012, and further reduced their outlook to 4.0 percent at the time of the June 2012 survey.

Private Sector Forecasts of Nominal GDP Growth

	2011	2012
March 2011 survey / Budget 2011	5.8	5.0
March 2012 survey / Budget 2012	5.8	4.6
June 2012 survey	5.9	4.0

Looking ahead, there continue to be significant downside risks to the Canadian outlook, with the key risk being the ongoing crisis in Europe. Moreover, there remains significant uncertainty regarding the direction of U.S. fiscal policy in early 2013, based on current tax and spending legislation, and the possible negative impact it could have on the U.S. economy. While Canada's economic performance over the last year has been encouraging, any setbacks in the global economic recovery can be expected to have an impact on Canada.

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(1) This section incorporates data available up to and including September 7, 2012. However, fiscal results in the following section cover the period from April 1, 2011 to March 31, 2012.

The Stimulus Phase of Canada's Economic Action Plan

In Budget 2009, the Government introduced Canada's Economic Action Plan (EAP) in response to the deepest global recession since the 1930s. The stimulus phase of the EAP was designed to support economic growth and job creation, and its implementation has been effective at protecting jobs and families while positioning Canada to succeed in a highly competitive global economy. The stimulus phase of the EAP has:

- Reduced the tax burden for Canadians permanently;
- Helped the unemployed through enhanced EI benefits and training programs;
- Made significant investments in infrastructure and supported the housing sector through the Home Renovation Tax Credit;
- Advanced Canada's knowledge economy by improving infrastructure at colleges and universities and supporting research and technology;
- Supported industries and communities most affected by the global downturn;
- Improved access to and the affordability of financing for Canadian households and businesses.

These measures have been implemented across a large number of departments, agencies and Crown corporations, often in partnership with other levels of government.

Because the stimulus in the EAP was designed to provide temporary support to the economy, the vast majority of initiatives announced in Budget 2009 ended as planned on March 31, 2011. In order to provide additional flexibility to the Government's partners, the completion deadline for four provincial, territorial and municipal infrastructure programs was extended to October 31, 2011. As a result of this decision, the economic benefits and job creation impact of stimulus projects were continued for an additional construction season.

Actions taken under the four cost-shared infrastructure programs during the last year of the EAP account for approximately $1.1 billion of the $26.2-billion budgetary deficit posted in 2011-2012. All the amounts recorded in 2011-2012 correspond to expenditure measures.

Temporary stimulus has now been wound down, and the Government is moving forward with the next phase of the EAP. To learn more about the results that were achieved, Canadians can consult the eight reports on the stimulus phase of the EAP at www.actionplan.gc.ca.

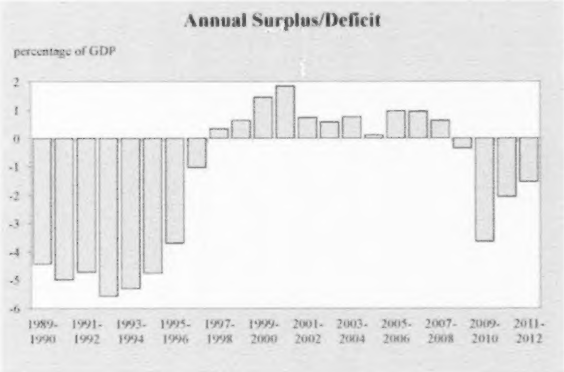
Canada's Economic Action Plan – Results Achieved in 2011-2012

	2011-2012 Impact of EAP
	(accrual basis – in billion of dollars)
Reducing the tax burden for Canadians	
Helping the unemployed	
Building infrastructure to create jobs	0.8
Advancing Canada's knowledge economy and creating better jobs	0.2
Supporting industries and communities	
Total federal support	**1.1**

Note: Total might not add due to rounding. The $1.1 billion in EAP measures reported above for 2011-2012 are recorded on an accrual basis. The eight reports to Canadians on the EAP focused on its cash value because this is the best measure to assess its stimulus impact on the economy.

The Budgetary Balance

The Government posted a budgetary deficit of $26.2 billion in 2011-2012. The following graph shows the Government's budgetary balance since 1989-1990. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP. The budgetary deficit stood at 1.5 percent of GDP in 2011-2012, down from 2.1 percent a year earlier, and down more than half from 2009-2010.


Annual Surplus/Deficit

The 2011-2012 budgetary deficit of $26.2 billion compares to a deficit of $33.4 billion in 2010-2011. Revenues were up $8.1 billion, or 3.4 percent, from the prior year, reflecting increases in income tax revenues and EI premium revenues, which were offset in part by a decrease in other revenues.

2011-2012 Financial Highlights

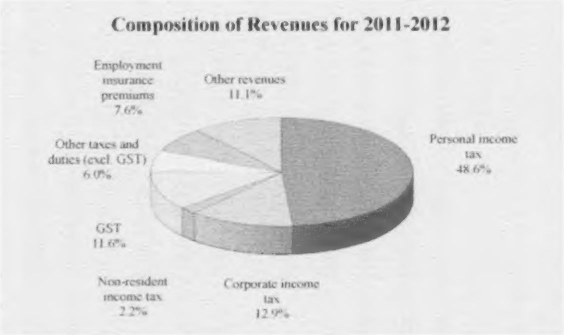
	2011-2012	2010-2011
	(in billions of dollars)	
Consolidated Statement of Operations		
Revenues	245.2	237.1
Expenses—		
Program expenses	240.4	239.6
Public debt charges	31.0	30.9
Total expenses	271.4	270.5
Annual deficit	***26.2***	***33.4***
Percentage of GDP	*1.5%*	*2.1%*
Consolidated Statement of Financial Position		
Liabilities—		
Interest-bearing debt	842.7	801.8
Other	125.0	119.1
Total liabilities	967.7	920.9
Financial assets	317.6	304.0
Net debt	***650.1***	***616.9***
Non-financial assets	68.0	66.6
Accumulated deficit	***582.2***	***550.3***
Percentage of GDP	*33.8%*	*33.9%*

Note: Totals may not add due to rounding.

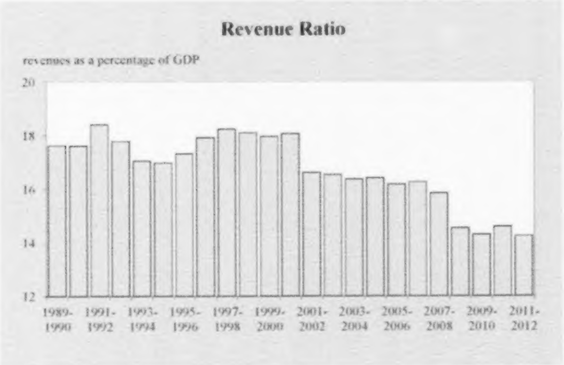
Expenses were up $1.0 billion, or 0.4 percent, from the prior year. Program expenses increased by $0.8 billion, as a decrease in transfer payments was more than offset by an increase in other program expenses. Public debt charges increased by $0.2 billion, or 0.5 percent, from the prior year, largely reflecting a higher stock of interest-bearing debt.

Revenues

The largest source of federal revenues is personal income tax revenues, which accounted for 48.6 percent of total revenues in 2011-2012. This is up from 47.8 percent of total revenues in 2010-2011 as other revenues declined and there was moderate growth in other taxes and duties. Corporate income tax revenues accounted for 12.9 percent of revenues in 2011-2012, while EI premium revenues represented 7.6 percent of revenues. In 2011-2012, other taxes and duties made up 17.6 percent of total revenues, with 11.6 percent coming from the Goods and Services Tax (GST). Other revenues made up 11.1 percent of total revenues in 2011-2012, down 0.7 percentage points from a year earlier, due mainly to a decrease in the net profits of enterprise Crown corporations as a number of one-time factors which raised 2010-2011 revenues did not recur in 2011-2012.


Composition of Revenues for 2011-2012

The revenue ratio—revenues as a percentage of GDP—compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.2 percent in 2011-2012, down 0.3 percentage points from 2010-2011, reflecting the impact of previously announced tax reduction measures and the decrease in other revenues. The ratio has been declining gradually since 2001-2002, and is down significantly from an average of 18 percent over the 1996-1997 to 2000-2001 period. This decline is due primarily to tax reduction measures.



Revenue Ratio

Revenues Compared to 2010-2011

The following table compares revenues for 2011-2012 to 2010-2011.

Revenues

	2011-12	2010-11	Change Absolute	Change %
	(in millions of dollars)			
Income tax revenues—				
Personal	119,269	113,457	5,812	5.1
Corporate	31,702	29,969	1,733	5.8
Non-resident	5,300	5,137	163	3.2
Total	**156,271**	**148,563**	**7,708**	**5.2**
Other taxes and duties—				
Goods and services tax	28,370	28,379	-9	0.0
Energy taxes	5,328	5,342	-14	-0.3
Customs import duties	3,862	3,520	342	9.7
Other excise taxes and duties	5,546	5,662	-116	-2.0
Total	**43,106**	**42,903**	**203**	**0.5**
Employment insurance premiums	**18,556**	**17,501**	**1,055**	**6.0**
Other revenues	**27,270**	**28,124**	**-854**	**-3.0**
Total revenues	**245,203**	**237,091**	**8,112**	**3.4**

Total revenues increased by $8.1 billion in 2011-2012, primarily reflecting growth in personal income tax revenues, corporate income tax revenues and EI premium revenues. These increases were partially offset by lower other revenues.

Personal income tax revenues increased by $5.8 billion, or 5.1 percent, in 2011-2012, reflecting gains in personal income.

Corporate income tax revenues increased by $1.7 billion, or 5.8 percent, in 2011-2012, reflecting continued growth in corporate profits.

Non-resident income tax revenues were up $0.2 billion, or 3.2 percent, in 2011-2012, largely due to prior-year reassessments.

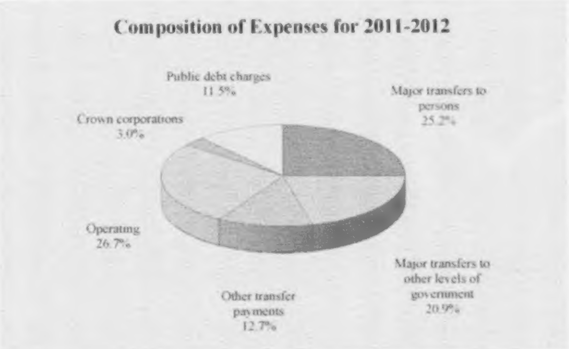
Other taxes and duties increased by $0.2 billion, or 0.5 percent, from the prior year, driven by a $0.3-billion, or 9.7-percent, increase in customs import duties, reflecting, in part, lower customs import duties in 2010-2011 due to the duty remission framework for certain imported ships announced on October 1, 2010. GST revenues were relatively stable as higher domestic consumption was offset by timing issues related to input tax credits claimed relative to gross GST assessed. Energy taxes decreased by $14 million, and other excise taxes and duties decreased by $0.1 billion.

EI premium revenues increased by $1.1 billion, or 6.0 percent, from the previous year, reflecting growth in insurable earnings and higher premium rates of $1.78 and $1.83 per $100 of insurable earnings for 2011 and 2012, respectively.

Other revenues decreased by $0.9 billion, or 3.0 percent, in 2011-2012. This decline was largely attributable to a $0.9-billion decrease in revenues from Crown corporations. Profits of enterprise Crown corporations decreased by $1.6 billion in 2011-2012, reflecting an increase in expenses associated with provisions for credit losses and claims in 2011-2012 and a net loss at Canada Post Corporation in 2011-2012 compared to a net profit in 2010-2011. This decrease also reflects one-time factors which raised 2010-2011 revenues and did not recur in 2011-2012, the most significant of which is gains realized in 2010-2011 on the Government's sale of common shares in General Motors as part of the automaker's initial public offering in November 2010. This $1.6-billion decrease was partially offset by a $0.7-billion increase in revenues of consolidated Crown corporations, largely reflecting an increase in commercial trading operations of the Canadian Commercial Corporation.

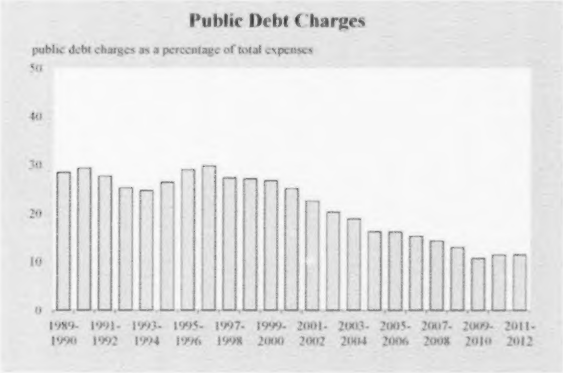
Expenses

The largest major component of expenses in 2011-2012 was operating expenses, which accounted for 26.7 percent of total expenses. These expenses cover more than 100 government departments and agencies, including National Defence. The second largest component of expenses was major transfers to persons, which made up 25.2 percent of total expenses. This category consists of elderly benefits, EI benefits, the Canada Child Tax Benefit and the Universal Child Care Benefit. Major transfers to other levels of government (the Canada Health Transfer and Canada Social Transfer, fiscal arrangements and other transfers, transfers to provinces on behalf of Canada's cities and communities, and the Quebec Abatement) made up 20.9 percent of total expenses in 2011-2012. Other transfer payments, which include transfers to individuals, businesses, and other organizations and groups, made up 12.7 percent of expenses, while Crown corporations accounted for 3.0 percent of total expenses. Public debt charges made up the remaining 11.5 percent of total expenses in 2011-2012.

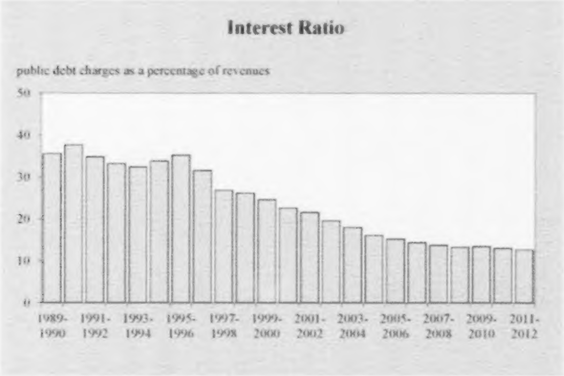


Composition of Expenses for 2011-2012

There has been a large shift in the composition of total expenses since the early 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30 percent of total expenses in 1996-1997, the share of public debt charges in total expenses has fallen over 18 percentage points.


Public Debt Charges

The interest ratio (public debt charges as a percentage of revenues) has been decreasing in recent years, falling from 37.6 percent in 1990-1991 to 13.0 percent in 2010-2011. The ratio continued to fall in 2011-2012, reaching 12.7 percent. This means that, in 2011-2012, the Government spent less than 13 cents of every revenue dollar on interest on the public debt. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians.


Interest Ratio

Expenses Compared to 2010-2011

Total expenses amounted to $271.4 billion in 2011-2012, up $1.0 billion, or 0.4 percent, from 2010-2011.

The following table compares total expenses for 2011-2012 to 2010-2011.

Expenses

			Change	
	2011-12	2010-11	Absolute	%
	(in millions of dollars)			
Transfer payments—				
Major transfers to persons—				
Elderly benefits	38,045	35,629	2,416	6.8
Employment insurance benefits	17,647	19,850	-2,203	-11.1
Children's benefits	12,726	12,656	70	0.6
Total	**68,418**	**68,135**	**283**	**0.4**
Major transfers to other levels of government—				
Federal transfer support for health and other social programs	38,688	37,210	1,478	4.0
Fiscal arrangements and other transfers	22,035	19,328	2,707	14.0
Quebec abatement	-3,929	-3,751	-178	4.7
Total	**56,794**	**52,787**	**4,007**	**7.6**
Other transfer payments	34,513	39,967	-5,454	-13.6
Total transfer payments	**159,725**	**160,889**	**-1,164**	**-0.7**
Other program expenses—				
Crown corporations	8,198	7,584	614	8.1
Ministries	72,474	71,119	1,355	1.9
Total other program expenses	**80,672**	**78,703**	**1,969**	**2.5**
Program expenses	**240,397**	**239,592**	**805**	**0.3**
Public debt charges	**31,026**	**30,871**	**155**	**0.5**
Total expenses	**271,423**	**270,463**	**960**	**0.4**

Certain comparative figures have been reclassified to conform to the current year's presentation.

Major transfers to persons increased by $0.3 billion in 2011-2012, reflecting increases in elderly and children's benefits, offset in large part by a decrease in EI benefits. Elderly benefits increased by $2.4 billion, or 6.8 percent, reflecting the introduction of the Guaranteed Income Supplement top-up benefit in July 2011, as well as growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. This increase was partially offset by a $2.2-billion, or 11.1-percent, decrease in EI benefit payments due mainly to a decrease in regular benefits, reflecting a lower unemployment rate. Children's benefits, which consist of the Canada Child Tax Benefit and the Universal Child Care Benefit, increased by $0.1 billion, or 0.6 percent.

Major transfers to other levels of government increased by $4.0 billion in 2011-2012, reflecting $3.1 billion in legislated growth in transfers as well as transfer protection payments to certain provinces and payments under the 2005 Offshore Arrangements, $2.2 billion in federal assistance to Quebec for sales tax harmonization, and an increase of nearly $0.5 billion in transfers to Canada's cities and communities. This was offset in part by the recording of $1.6 billion receivable from British Columbia for the repayment of Harmonized Sales Tax transitional assistance. The Quebec Abatement, which is netted against major transfers to other levels of government, increased by $0.2 billion in 2011-2012, resulting in a corresponding decrease in transfer payments. The Quebec Abatement is a recovery from Quebec of the value of an additional tax point transfer (16.5 points) above and beyond the Canada Health Transfer and Canada Social Transfer tax point transfers. The $0.2-billion increase in this recovery was due to an increase in the value of personal income tax points in 2011-2012 compared to 2010-2011.

Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and foreign aid and international assistance, decreased by $5.5 billion, or 13.6 percent, over the prior year. This decrease reflects declines across a number of departments, including a decline in infrastructure transfers, consistent with the wind-down of the stimulus provided through Canada's Economic Action Plan, the revaluation of the Government's liability to Ontario for the province's one third participation in the value of the Government's common shares in General Motors, and the wind-down in 2010-2011 of Fiscal Equalization Offset Payments to Newfoundland and Labrador under the terms of the 1985 Canada-Newfoundland Atlantic Accord.

Other program expenses increased from $78.7 billion in 2010-2011 to $80.7 billion in 2011-2012, up $2.0 billion, or 2.5 percent. This spending component consists of operating expenses of Crown corporations, departments and agencies, including National Defence, as well as expenses related to the ongoing assessment of the Government's liabilities. Within this component, Crown corporation expenses increased by $0.6 billion from the prior year, largely reflecting an increase in expenses of the Canadian Commercial Corporation under its commercial trading operations. These expenses are fully offset by revenues generated from these operations recorded as part of other revenues. Expenses of departments and agencies increased by $1.4 billion, largely reflecting the recording of a liability for expected workforce adjustment costs associated with departmental spending reductions announced in the March 29, 2012 budget, an increase in bad debt expenses associated with taxes receivable, costs incurred as part of the 2011 Census of Population and National Household Survey and the 41st general election held May 2, 2011, and an increase in spending under National Defence. These increases were partially offset by a decrease in expenses associated with the Government's contingent liabilities, including environmental liabilities, as well as a decrease in expenses associated with other employee future benefits, reflecting one-time expenses recorded in 2010-2011.

Public debt charges increased by $0.2 billion, or 0.5 percent, reflecting a higher stock of interest-bearing debt, partially offset by a decrease in the average effective interest rate on the stock of interest-bearing debt.

Comparison of Actual Results to Budget Projections

Comparison to March 2012 Budget Plan

The 2011-2012 deficit was $1.4 billion higher than the $24.9-billion deficit forecast in the March 2012 budget. Revenues were $2.8 billion lower than expected, largely reflecting lower-than-expected tax revenues, which were affected by the slowing of economic growth at the end of the fiscal year. Total expenses were $1.5 billion lower than forecast, reflecting lower-than-expected year-end accrual adjustments.

Comparison of 2011-2012 Outcomes to March 2012 Budget

	Projection	Actual	Difference
	(in billions of dollars)		
Revenues	248.0	245.2	-2.8
Expenses —			
Program expenses	241.9	240.4	-1.5
Public debt charges	31.0	31.0	0.1
Total expenses	272.9	271.4	-1.5
Annual deficit	**24.9**	**26.2**	**1.4**

Note: Totals may not add due to rounding.

Comparison to June 2011 Budget Plan

The 2011-2012 budgetary deficit was $6.0 billion lower than the $32.3-billion deficit forecast in the June 2011 budget, largely reflecting lower-than-forecast program spending and public debt charges, offset in part by lower-than-forecast tax revenues.

Revenues were $3.9 billion, or 1.6 percent, lower than forecast in the June 2011 budget, primarily reflecting lower-than-projected revenues from income taxes and other taxes and duties. Other revenues were $0.3 billion lower than forecast in Budget 2011, reflecting lower-than-projected sales of goods and services and miscellaneous revenues, largely offset by higher-than-projected revenues from Crown corporations, notably the Canadian Commercial Corporation.

Total expenses were $9.9 billion lower than projected in the June 2011 budget, with program expenses $8.0 billion lower than forecast and public debt charges $1.9 billion lower than forecast.

Major transfers to persons were $2.2 billion lower than projected, largely due to lower-than-projected EI and children's benefits. EI benefits were $1.9 billion lower than forecast, due mainly to lower-than-expected regular benefits, reflecting a better labour market outcome, and lower-than-expected special benefits, which include parental, maternity, sickness, compassionate care, fishing and work sharing benefits, as well as employment benefits and support measures. Children's benefits were $0.3 billion lower than expected, due to higher-than-expected family net incomes, resulting in lower-than-forecast transfers under the Canada Child Tax Benefit.

Major transfers to other levels of government were $1.4 billion lower than forecast, largely reflecting the recording of $1.6 billion receivable from British Columbia for the repayment of Harmonized Sales Tax transitional assistance.

Other transfer payments were $5.0 billion lower than forecast, reflecting lower-than-expected spending by departments.

Other program expenses were $0.6 billion higher than forecast. Within this category, Crown corporation expenses were $0.5 billion higher than expected, largely reflecting higher-than-forecast expenses of the Canadian Commercial Corporation. Ministry expenses were $0.1 billion higher than forecast in the June 2011 budget, largely reflecting the recording of a liability for expected workforce adjustment costs associated with departmental spending reductions announced in Budget 2012, offset in part by the recording in 2010-2011 of enhancements to veterans' benefits which were provisioned in 2011-2012 in Budget 2011 and lower-than-forecast operating expenses of departments and agencies.

Public debt charges in 2011-2012 were $1.9 billion lower than forecast in the June 2011 budget. Interest on marketable bonds and treasury bills was significantly lower than expected as a result of interest rates that were much lower than what was forecast by private sector economists at the time of the June 2011 budget.

Comparison of 2011-2012 Outcomes to June 2011 Budget

	Budget	Actual	Difference
	(in millions of dollars)		
Revenues			
Income tax revenues	157,845	156,271	-1,574
Other taxes and duties	44,848	43,106	-1,742
Employment insurance premiums	18,851	18,556	-295
Other revenues	27,555	27,270	-285
Total revenues	**249,099**	**245,203**	**-3,896**
Expenses—			
Program expenses			
Major transfers to persons	70,568	68,418	-2,150
Major transfers to other levels of government	58,208	56,794	-1,414
Other transfer payments	39,539	34,513	-5,026
Other program expenses	80,085	80,672	587
Total program expenses	**248,400**	**240,397**	**-8,003**
Public debt charges	**32,958**	**31,026**	**-1,932**
Total expenses	**281,358**	**271,423**	**-9,935**
Annual deficit	**32,259**	**26,220**	**-6,039**

Certain Budget 2011 figures have been reclassified to conform to the presentation in the consolidated financial statements.

Accumulated Deficit

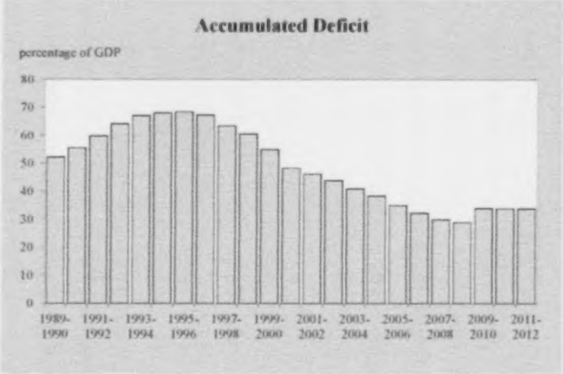
The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit represents the annual budgetary balance plus other comprehensive loss or income. Other comprehensive loss or income represents certain unrealized losses or gains on financial instruments and certain actuarial losses and gains related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises. Based on the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, other comprehensive loss or income is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Consolidated Statement of Accumulated Deficit and Consolidated Statement of Change in Net Debt.

Accumulated Deficit

	2011-2012	2010-2011	Difference
	(in millions of dollars)		
Accumulated deficit at beginning of year	**550,327**	**519,097**	**31,230**
Annual deficit	26,220	33,372	-7,152
Transition adjustment	3,337		3,337
Other comprehensive loss or income (-)	2,292	-2,142	4,434
Accumulated deficit at end of year	**582,176**	**550,327**	**31,849**

The accumulated deficit increased by $31.8 billion in 2011-2012, largely reflecting the $26.2-billion budgetary deficit and a $2.3-billion other comprehensive loss. The $2.3-billion other comprehensive loss was due mainly to actuarial losses on pensions and other employee future benefits recorded by enterprise Crown corporations and other government business enterprises as well as unrealized losses on the revaluation of the Government's holdings of General Motors common shares. The accumulated deficit increased by an additional $3.3 billion in 2011-2012 due to one-time adjustments related to enterprise Crown corporations' and other government business enterprises' transition from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS). The most significant impact of the transition to IFRS related to a change in enterprise Crown corporations' and other government business enterprises' accounting policies for pensions and other employee future benefits. As a result of this transition, the opening balance of the Government's investment in enterprise Crown corporations and other government business enterprises decreased by $3.3 billion and the accumulated deficit increased by $3.3 billion.

The accumulated deficit stood at 33.8 percent of GDP at March 31, 2012, less than half of its post-World War II peak of 68.4 percent at March 31, 1996.



As noted above, the accumulated deficit is the difference between the Government's total liabilities and total assets. Total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non-financial assets, the latter consisting primarily of capital assets. The following sections provide more detail on each of these components.

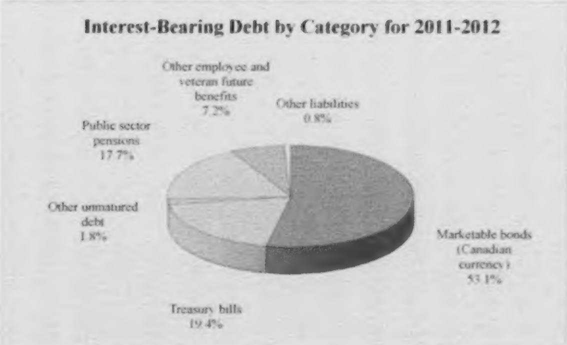
Consolidated Statement of Financial Position

	2011-2012	2010-2011	Difference
	(in millions of dollars)		
Liabilities			
Accounts payable and accrued liabilities	125,003	119,060	5,943
Interest-bearing debt—			
Unmatured debt	626,352	591,155	35,197
Pensions and other future benefits	209,426	204,341	5,085
Other liabilities	6,933	6,315	618
Total	842,711	801,811	40,900
Total liabilities	**967,714**	**920,871**	**46,843**
Financial assets			
Cash and accounts receivable	107,662	96,907	10,755
Foreign exchange accounts	56,997	48,507	8,490
Loans, investments and advances(1)	152,920	158,549	-5,629
Total financial assets	**317,579**	**303,963**	**13,616**
Net debt	***650,135***	***616,908***	***33,227***
Non-financial assets	**67,959**	**66,581**	**1,378**
Accumulated deficit	***582,176***	***550,327***	***31,849***

(1) Includes $2.3 billion in other comprehensive loss ($2.1 billion in other comprehensive income in 2010-2011) and $3.3 billion in IFRS transitional adjustments reported by enterprise Crown corporations and other government business enterprises.

Interest-Bearing Debt

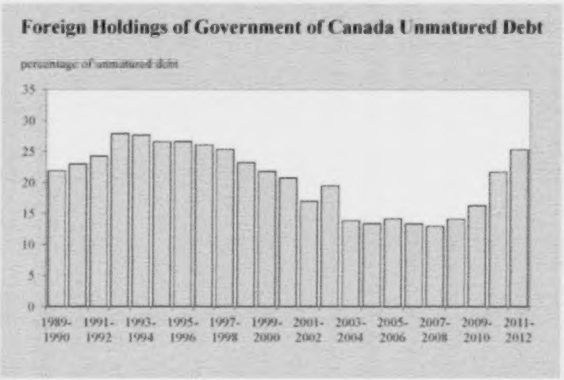
Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, liabilities for pensions and other future benefits, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, as well as bonds issued to the Canada Pension Plan and obligations related to capital leases, amounted to 74.3 percent of interest-bearing debt at March 31, 2012. Liabilities for pensions and other future benefits include obligations for federal public sector pensions and other employee and veteran future benefit plans. Liabilities for federal public sector pension plans made up 17.7 percent of interest-bearing debt and other employee and veteran future benefit plans accounted for an additional 7.2 percent of interest-bearing debt. The remaining 0.8 percent of interest-bearing debt represents other interest-bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts. The share of total interest-bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2008-2009 due to the increase in financial requirements stemming from the stimulus phase of the Economic Action Plan, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of Canada Mortgage and Housing Corporation, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.


Interest-Bearing Debt by Category for 2011-2012

At March 31, 2012, interest-bearing debt totalled $842.7 billion, up $40.9 billion from March 31, 2011. Within interest-bearing debt, unmatured debt increased by $35.2 billion, pensions increased by $2.8 billion, other employee and veteran future benefits increased by $2.3 billion, and other liabilities increased by $0.6 billion.

The $35.2-billion increase in unmatured debt, mainly in marketable bonds, largely reflects financing requirements associated with the budgetary deficit. The Bank of Canada and the Department of Finance manage the Government's unmatured debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance's *Debt Management Strategy*.

Foreign holdings of the Government's unmatured debt were estimated at $158.4 billion at March 31, 2012, representing approximately 25.3 percent of the Government's total unmatured debt.


Foreign Holdings of Government of Canada Unmatured Debt

The Government's total liabilities for pensions and other future benefits stood at $209.4 billion at March 31, 2012, up $5.1 billion from the prior year. These liabilities represent the estimated present value of pensions and other employee and veteran future benefits earned to March 31, 2012 by current and former employees, net of the value of assets set aside to fund the pension obligations.

The $5.1-billion increase in the total liabilities for pensions and other future benefits in 2011-2012 reflects the addition of $8.4 billion in future benefits earned by employees during the year as well as $12.2 billion in net interest charges on the liabilities. The liabilities increased by a further $3.7 billion due to the amortization of actuarial losses and gains. Actuarial losses and gains represent year-over-year increases or decreases in the estimated value of the Government's pensions and other future benefit obligations and the value of related assets due to changes in assumptions or experience. Under Canadian public sector accounting standards, which are set independently by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, actuarial losses and gains are not recognized immediately but instead are amortized over the estimated average remaining service life of employees, which represents periods ranging from 5 to 23 years, according to the plan in question. As of March 31, 2012, the Government had net unamortized losses of $52.5 billion. These losses will be reflected over time in the liabilities as part of benefits expense.

These increases were offset in part by reductions in the liabilities for benefits paid during the year ($14.4 billion), and for amounts transferred to the Public Sector Pension Investment Board (PSPIB) for investment ($4.7 billion).

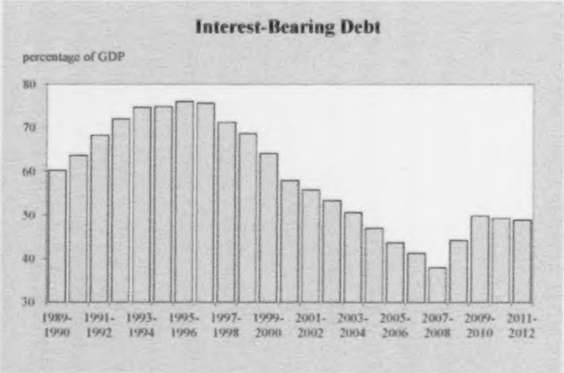
The following table illustrates the change in the total liabilities for pensions and other future benefits in 2011-2012.

Liabilities for pensions and other future benefits

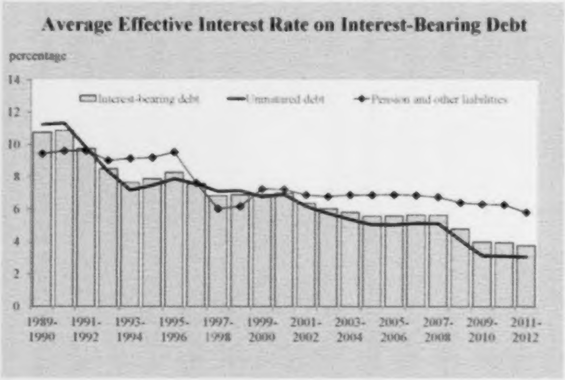
	Pensions	Other future benefits	Total
	(in millions of dollars)		
Liabilities at beginning of year.........	**146,135**	**58,206**	**204,341**
Add:			
Future benefits earned by employees during the year	6,448	1,926	8,374
Interest on the accrued benefit obligations, net of the expected return on investments	9,231	2,933	12,164
Amortization of prior years' actuarial losses and gains....................	1,334	2,361	3,695
Plan amendments, curtailments and settlements........................		467	467
	17,013	7,687	24,700
Deduct.			
Benefits paid during the year	9,093	5,324	14,417
Net transfers to the PSPIB for investment	4,733		4,733
Transfers to/from other plans and administrative expenses	411	54	465
	14,237	5,378	19,615
Net increase in liabilities	**2,776**	**2,309**	**5,085**
Liabilities at end of year	**148,911**	**60,515**	**209,426**

Further details on the federal public sector pensions and other employee and veteran future benefits are contained in Section 6 of this volume.

Interest-bearing debt stood at 49.0 percent of GDP in 2011-2012, down from 49.4 percent in 2010-2011, and about 27 percentage points below the high of 76.1 percent in 1995-1996.

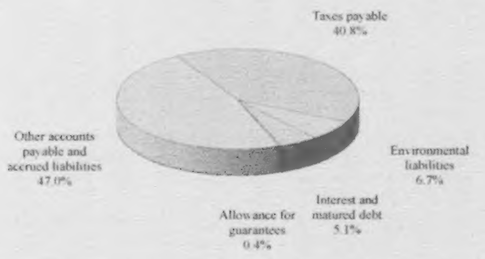

Interest-Bearing Debt

The average effective interest rate on the Government's interest-bearing debt in 2011-2012 was 3.8 percent, down from 3.9 percent in 2010-2011. The average effective interest rate on unmatured debt in 2011-2012 was 3.1 percent, while the average effective interest rate on pensions and other liabilities was 5.8 percent. The average effective interest rate was higher on pensions and other liabilities than on unmatured debt because the unfunded pension liability is primarily credited with interest at rates that are calculated as though the amounts in the plans were invested in a notional portfolio of Government of Canada 20-year bonds held to maturity, whereas unmatured debt includes both short-and long-term securities.


Average Effective Interest Rate on Interest-Bearing Debt

Accounts Payable and Accrued Liabilities

The following chart shows accounts payable and accrued liabilities by category for 2011-2012.

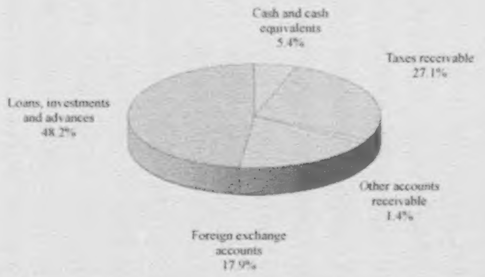


Accounts Payable and Accrued Liabilities by Category for 2011-2012

At March 31, 2012, accounts payable and accrued liabilities totalled $125.0 billion, up $5.9 billion from March 31, 2011. The increase is largely attributable to a $2.3-billion increase in taxes payable and $3.5-billion increase in other accounts payable and accrued liabilities. The $3.5-billion increase in other accounts payable and accrued liabilities reflects a number of factors including the recording of a liability for expected workforce adjustment costs, a $2.7-billion increase in liabilities under provincial, territorial and Aboriginal tax agreements, and the accrual of $2.2 billion in federal assistance to Quebec for sales tax harmonization. These increases were offset in part by reductions in accounts payable and accrued liabilities during the year due to the payment of $1.9 billion in final instalments to British Columbia and Ontario for Harmonized Sales Tax transitional assistance accrued in 2009-2010 and for the amortization of deferred spectrum licence fees received in 2008-2009. These fees are being recognized as part of other revenues on a straight-line basis over the ten-year term of the licences.

Financial Assets

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, and loans, investments and advances. The Government's foreign exchange accounts include foreign currency deposits, investments in gold, and subscriptions and loans to the International Monetary Fund. Proceeds of the Government's foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in the foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada's Official International Reserves*. The Government's loans, investments and advances include its investments and loans in enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.



Financial Assets by Category for 2011-2012

At March 31, 2012, financial assets amounted to $317.6 billion, up $13.6 billion from March 31, 2011. Within financial assets, cash and cash equivalents increased by $2.8 billion, taxes receivable increased by $7.4 billion, other accounts receivable increased by $0.6 billion, foreign exchange accounts increased by $8.5 billion, the Government's loans, investments and advances in enterprise Crown corporations and other government business enterprises decreased by $5.0 billion, and other loans, investments and advances decreased by $0.6 billion.

The Government set out its new prudential liquidity plan in the *Debt Management Strategy* for 2011-2012. Under this plan, the Government's liquidity position will increase by about $35 billion by the end of 2013-2014. Government deposits held with financial institutions and the Bank of Canada will increase by about $25 billion and liquid foreign exchange reserves will increase by US $10 billion. When the prudential liquidity plan is fully implemented, the Government's overall liquidity levels will cover at least one month of the net projected cash requirements, including interest payments and debt refinancing needs. At March 31, 2012, cash and cash equivalents totalled $17.1 billion, up $2.8 billion from March 31, 2011. Included in the balance of cash and cash equivalents is $4.0 billion which has been designated as a deposit held with respect to prudential liquidity management. Foreign exchange reserves held in the Exchange Fund Account increased by $8.1 billion in 2011-2012. Going forward, liquid foreign exchange reserves will continue to rise sufficiently to maintain their level at or above 3 percent of GDP.

Taxes receivable increased by $7.4 billion during 2011-2012, from $78.6 billion to $86.0 billion, reflecting growth in tax revenues and a full year of Harmonized Sales Tax in British Columbia and Ontario. Other accounts receivable increased by $0.6 billion to $4.5 billion, largely reflecting increased receivable balances of consolidated Crown corporations.

Loans, investments and advances in enterprise Crown corporations and other government business enterprises decreased by $5.0 billion in 2011-2012. Investments in enterprise Crown corporations and other government business enterprises decreased by $3.0 billion, as the $5.3 billion in net profits recorded by these corporations and enterprises during 2011-2012 was more than offset by $2.3 billion in other comprehensive losses stemming largely from actuarial losses on Crown corporations' pensions and other employee future benefits and unrealized losses on the revaluation of the Government's holdings of General Motors common shares, and $3.3 billion in one-time adjustments related to enterprise Crown corporations' and other government business enterprises' transition from Canadian GAAP to IFRS. The Government's investments in enterprise Crown corporations and other government business enterprises were further reduced by $2.0 billion as a result of dividends received during the year and a $0.7-billion share repurchase by the Business Development Bank of Canada. Loans and advances to enterprise Crown corporations decreased by $2.0 billion in 2011-2012, due mainly to a decrease in loans to Crown corporations under the consolidated borrowing framework. This decrease was driven largely by prepayments under the Insured Mortgage Purchase Program administered by Canada Mortgage and Housing Corporation, offset in part by increased borrowing requirements from Farm Credit Canada to support growth in its lending portfolio.

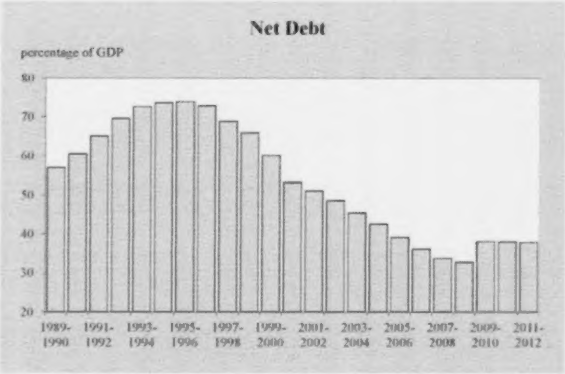
Other loans, investments and advances decreased by $0.6 billion, from $22.9 billion to $22.3 billion, reflecting the repayment, in May 2011, of loans issued to Chrysler, as well as an increase in the Government's allowance against the value of its loans, investments and advances to reflect reductions from the recorded value of these assets to their approximate net realizable value. These decreases were offset in part by the recording of a receivable from British Columbia for the repayment of Harmonized Sales Tax transitional assistance and increases to the Government's loans and advances to international organizations.

Since the accumulated deficit reached its post-World War II peak of 68.4 percent of GDP at March 31, 1996, financial assets have increased by $224.9 billion due to higher levels of cash and cash equivalents and accounts receivable (up $55.1 billion), an increase in the foreign exchange accounts (up $37.9 billion) and an increase in loans, investments and advances (up $131.9 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s and more recently in the 2011-2012 *Debt Management Strategy* to increase its liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

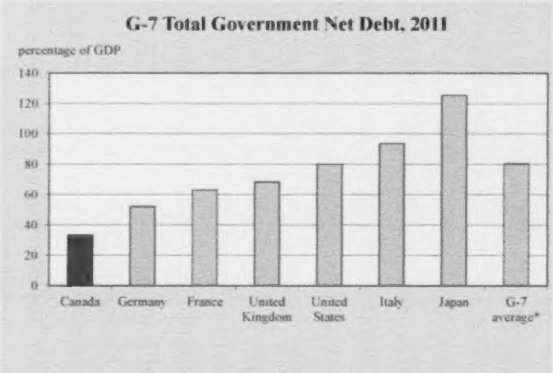
Net Debt

The Government's net debt—its total liabilities less financial assets—stood at $650.1 billion at March 31, 2012. Net debt was 37.8 percent of GDP, down 0.2 percentage points from a year earlier, and 36.1 percentage points below its peak of 73.9 percent at March 31, 1996.

This ratio measures debt relative to the ability of the country's taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.



Canada Has the Lowest Total Government Net Debt Burden Among G-7 Countries



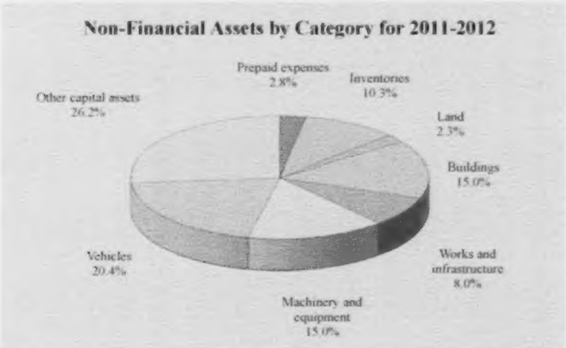
Source: OECD Economic Outlook, No. 91 (May 2012).
*Weighted by GDP on a Purchasing Power Parity (PPP) basis.

Canada's total government net debt-to-GDP ratio stood at 33.3 percent in 2011, according to the OECD. This is by far the lowest level amongst G-7 countries, which the OECD estimates will record an average net debt of 80.4 percent of GDP in that same year.

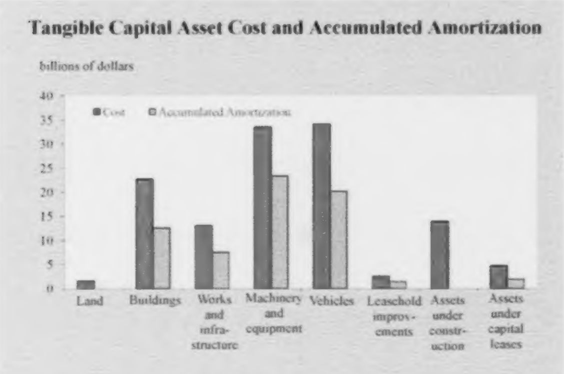
International comparisons of net debt are made on a total government, National Accounts basis, which for Canada includes the net debt of federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Québec Pension Plan.

Non-Financial Assets

Non-financial assets include the net book value of the Government's tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non-financial assets also include inventories and prepaid expenses.


Non-Financial Assets by Category for 2011-2012

At March 31, 2012, non-financial assets stood at $68.0 billion, up $1.4 billion from a year earlier, primarily due to an increase in tangible capital assets. At March 31, 2012, roughly 61 percent of the original cost of the Government's depreciable tangible capital assets had been amortized, compared to 60 percent a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.


Tangible Capital Asset Cost and Accumulated Amortization

Cash Flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2011-2012, the Government had a total cash requirement of $31.5 billion before financing activities, compared to a total cash requirement of $46.4 billion before financing activities in 2010-2011. Operating activities resulted in a net cash requirement of $29.0 billion in 2011-2012, compared to a net cash requirement of $41.7 billion in 2010-2011, reflecting the improvement in the budgetary balance. Cash used for capital investment activities decreased by $1.3 billion, from $7.6 billion in 2010-2011 to $6.3 billion in 2011-2012, while cash provided by other investing activities increased by $0.9 billion, from $2.9 billion in 2010-2011 to $3.8 billion in 2011-2012.

Cash Flow

	2011-2012	2010-2011
	(in millions of dollars)	
Cash used by operating activities	-28,992	-41,665
Cash used by capital investment activities	-6,312	-7,614
Cash provided by investing activities	3,760	2,872
Total cash used before financing activities	*-31,544*	*-46,407*
Cash provided by financing activities	34,364	32,280
Net increase or decrease (-) in cash	2,820	-14,127
Cash and cash equivalents at beginning of year	14,323	28,450
Cash and cash equivalents at end of year	17,143	14,323

The Government financed this financial requirement of $31.5 billion and increased its balance of cash and cash equivalents by $2.8 billion primarily through the issuance of marketable bonds. Cash provided by financing activities totaled $34.4 billion in 2011-2012, up from $32.3 billion in 2010-2011.

Risks and Uncertainties

As noted in the budget and related documents, the Government's revenues and expenses are highly sensitive to changes in economic conditions—particularly to changes in economic growth, inflation and interest rates.

To illustrate the impact of changes in economic conditions, the Department of Finance publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are "rules of thumb" as the actual impact will depend on many other factors as well. As published in the March 29, 2012 budget, these show, for example, that:

- A one-year, 1-percentage-point decrease in real GDP growth would lower the budgetary balance by $3.6 billion in the first year, $3.9 billion in the second year, and $3.4 billion in the fifth year.
- A one-year, 1-percentage-point decrease in GDP inflation would lower the budgetary balance by $1.8 billion in the first year, $1.8 billion in the second year, and $0.9 billion in the fifth year.
- A sustained 100-basis-point increase in interest rates would lower the budgetary balance by $0.6 billion in the first year, $1.3 billion in the second year, and $1.9 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

TEN YEAR COMPARATIVE FINANCIAL INFORMATION

This part provides a ten year comparison of financial information based on the accounting policies explained in Note 1 to the audited consolidated financial statements in Section 2 of this volume.

TABLE 1.1

GOVERNMENT OF CANADA
DETAILED CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
(in millions of dollars)

	Year ended March 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES—										
TAX REVENUES—										
Income tax revenues—										
Personal	89,530	92,957	98,521	103,691	110,477	113,063	116,024	103,947	113,457	119,269
Corporate	22,222	27,431	29,956	31,724	37,745	40,628	29,476	30,361	29,969	31,702
Non-resident	3,291	3,142	3,560	4,529	4,877	5,693	6,298	5,293	5,137	5,300
	115,043	*123,530*	*132,037*	*139,944*	*153,099*	*159,384*	*151,798*	*139,601*	*148,563*	*156,271*
Other taxes and duties—										
Goods and services tax	28,248	28,286	29,758	33,020	31,296	29,920	25,740	26,947	28,379	28,370
Energy taxes	4,935	4,952	5,054	5,076	5,128	5,139	5,161	5,178	5,342	5,328
Customs import duties	3,278	2,887	3,091	3,330	3,704	3,903	4,036	3,490	3,520	3,862
Other excise taxes and duties	4,896	5,240	4,954	4,730	5,189	5,245	4,869	4,958	5,662	5,546
	41,357	*41,365*	*42,857*	*46,156*	*45,317*	*44,207*	*39,806*	*40,573*	*42,903*	*43,106*
Total tax revenues	***156,400***	***164,895***	***174,894***	***186,100***	***198,416***	***203,591***	***191,604***	***180,174***	***191,466***	***199,377***
EMPLOYMENT INSURANCE PREMIUMS	***17,870***	***17,546***	***17,307***	***16,535***	***16,789***	***16,558***	***16,887***	***16,761***	***17,501***	***18,556***
OTHER REVENUES—										
Crown corporations	5,301	5,917	6,825	7,198	7,503	6,504	7,760	7,622	12,937	12,024
Other programs	7,620	8,142	11,742	10,356	11,544	13,895	15,105	12,396	13,378	13,577
Net foreign exchange	3,379	2,090	1,175	2,014	1,714	1,872	1,736	1,647	1,809	1,669
Total other revenues	***16,300***	***16,149***	***19,742***	***19,568***	***20,761***	***22,271***	***24,601***	***21,665***	***28,124***	***27,270***
TOTAL REVENUES	**190,570**	**198,590**	**211,943**	**222,203**	**235,966**	**242,420**	**233,092**	**218,600**	**237,091**	**245,203**
EXPENSES—										
TRANSFER PAYMENTS—										
Old age security benefits, guaranteed income supplement and spouse's allowance	25,692	26,902	27,871	28,992	30,284	31,955	33,377	34,653	35,629	38,045
Major transfer payments to other levels of government—										
Canada health and social transfer	21,100	22,341	28,031							
Canada health transfer				19,000	20,140	21,474	22,759	24,820	26,031	27,174
Canada social transfer				8,225	8,500	9,872	10,568	10,858	11,179	11,514
Fiscal arrangements	11,397	10,004	13,467	12,977	13,740	15,178	15,807	16,789	17,577	19,188
Quebec abatement	-2,839	-3,295	-3,350	-3,327	-3,884	-3,328	-3,643	-3,299	-3,751	-3,929
Other major transfers	982	320	3,779	3,882	3,985	2,923	985	7,772	1,751	2,847
	30,640	*29,370*	*41,927*	*40,757*	*42,481*	*46,119*	*46,476*	*56,940*	*52,787*	*56,794*
Employment insurance benefits	14,496	15,058	14,748	14,417	14,084	14,298	16,308	21,586	19,850	17,647
Children's benefits	7,823	8,062	8,688	9,200	11,214	11,894	11,901	12,340	12,656	12,726
Other transfer payments	22,657	25,059	27,553	27,070	28,979	29,220	32,438	42,970	39,967	34,513
Total transfer payments	***101,308***	***104,451***	***120,787***	***120,436***	***127,042***	***133,486***	***140,500***	***168,489***	***160,889***	***159,725***
OTHER PROGRAM EXPENSES—										
Crown corporations	4,572	4,474	6,835	5,076	5,109	5,185	5,859	7,400	7,584	8,198
Ministries	40,799	44,751	48,740	49,701	56,118	60,827	61,498	68,895	71,119	72,474
Total other program expenses	***45,371***	***49,225***	***55,575***	***54,777***	***61,227***	***66,012***	***67,357***	***76,295***	***78,703***	***80,672***
Total program expenses	***146,679***	***153,676***	***176,362***	***175,213***	***188,269***	***199,498***	***207,857***	***244,784***	***239,592***	***240,397***
PUBLIC DEBT CHARGES	***37,270***	***35,769***	***34,118***	***33,772***	***33,945***	***33,325***	***30,990***	***29,414***	***30,871***	***31,026***
TOTAL EXPENSES	**183,949**	**189,445**	**210,480**	**208,985**	**222,214**	**232,823**	**238,847**	**274,198**	**270,463**	**271,423**
ANNUAL SURPLUS (-) OR DEFICIT	**-6,621**	**-9,145**	**-1,463**	**-13,218**	**-13,752**	**-9,597**	**5,755**	**55,598**	**33,372**	**26,220**
ACCUMULATED DEFICIT AT BEGINNING OF YEAR	**511,946**	**505,325**	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**
TRANSITION ADJUSTMENT										**3,337**
OTHER COMPREHENSIVE INCOME (-) OR LOSS					**-479**	**-34**	**318**	**-211**	**-2,142**	**2,292**
ACCUMULATED DEFICIT AT END OF YEAR	**505,325**	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**	**582,176**

Certain comparative figures have been reclassified to conform to the current year's presentation.

TABLE 1.2

GOVERNMENT OF CANADA
DETAILED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of dollars)

	As at March 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
LIABILITIES										
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES—										
Other accounts payable and accrued liabilities	32,909	36,905	46,045	48,263	50,730	47,000	49,379	58,284	55,342	58,804
Taxes payable	33,549	33,040	35,650	38,402	41,388	49,010	50,845	48,251	48,648	50,952
Environmental liabilities	3,378	3,564	5,624	5,861	6,062	6,669	6,342	6,602	7,745	8,362
Interest and matured debt	9,558	8,933	8,104	7,875	7,516	7,182	6,919	6,853	6,733	6,379
Allowance for guarantees	3,802	2,770	2,317	1,031	815	602	514	535	592	506
Total accounts payable and accrued liabilities	***83,196***	***85,212***	***97,740***	***101,432***	***106,511***	***110,463***	***113,999***	***120,525***	***119,060***	***125,003***
INTEREST-BEARING DEBT—										
Unmatured debt—										
Payable in Canadian currency—										
Marketable bonds	287,133	277,780	265,798	261,134	257,482	253,550	295,186	367,962	416,080	448,140
Treasury bills	104,411	113,378	127,199	131,597	134,074	116,936	192,275	175,849	162,980	163,221
Retail debt	22,584	21,330	19,080	17,342	15,175	13,068	12,532	11,855	10,141	8,922
Bonds for Canada Pension Plan	3,371	3,427	3,393	3,102	1,743	1,042	523	452	27	11
	417,499	*415,915*	*415,470*	*413,175*	*408,474*	*384,596*	*500,516*	*556,118*	*589,228*	*620,294*
Payable in foreign currencies	21,141	20,542	16,286	14,085	10,372	9,498	10,381	8,243	7,628	10,715
Cross-currency swap revaluation	1,495	363	-922	-2,258	-1,091	-1,420	3,690	-4,233	-5,091	-4,448
Unamortized discounts and premiums on market debt	-5,256	-5,610	-6,342	-6,780	-6,659	-6,213	-4,751	-5,092	-4,485	-4,295
Obligation related to capital leases	2,664	2,774	2,932	2,927	3,096	4,236	4,184	4,090	3,685	3,633
Other unmatured debt									190	453
Total unmatured debt	*437,543*	*433,984*	*427,424*	*421,149*	*414,192*	*390,697*	*514,020*	*559,126*	*591,155*	*626,352*
Pensions and other future benefits—										
Public sector pensions	125,708	127,560	129,579	131,062	134,726	137,371	139,909	142,843	146,135	148,911
Other employee and veteran future benefits	38,844	39,367	41,549	43,369	45,123	47,901	50,311	54,227	58,206	60,515
Total pensions and other future benefits	*164,552*	*166,927*	*171,128*	*174,431*	*179,849*	*185,272*	*190,220*	*197,070*	*204,341*	*209,426*
Due to Canada Pension Plan	7,093	7,483	2,771	151	54	106	90	175	23	138
Other liabilities	6,642	6,488	5,909	5,342	5,157	5,789	5,833	6,412	6,292	6,795
Total interest-bearing debt	***615,830***	***614,882***	***607,232***	***601,073***	***599,252***	***581,864***	***710,163***	***762,783***	***801,811***	***842,711***
TOTAL LIABILITIES	**699,026**	**700,094**	**704,972**	**702,505**	**705,763**	**692,327**	**824,162**	**883,308**	**920,871**	**967,714**
FINANCIAL ASSETS										
CASH AND ACCOUNTS RECEIVABLE—										
Cash and cash equivalents	16,528	20,572	20,615	21,149	22,696	13,729	46,985	28,450	14,323	17,143
Taxes receivable	43,597	47,953	53,477	59,113	66,492	65,902	71,911	69,063	78,626	86,006
Other accounts receivable	2,603	2,476	2,254	2,581	3,398	3,247	3,251	3,692	3,958	4,513
Total cash and accounts receivable	***62,728***	***71,001***	***76,346***	***82,843***	***92,586***	***82,878***	***122,147***	***101,205***	***96,907***	***107,662***
FOREIGN EXCHANGE ACCOUNTS—										
International reserves held in the Exchange Fund Account	44,849	41,247	39,114	40,936	44,673	42,904	51,194	53,701	54,041	62,141
International Monetary Fund—Subscriptions	12,942	12,185	11,240	10,673	11,106	10,752	12,011	9,823	9,792	9,842
International Monetary Fund—Loans								337	1,139	1,325
Less: International Monetary Fund—Notes payable and special drawing rights allocations	8,841	9,119	9,483	10,782	11,601	11,357	11,496	16,911	16,465	16,311
Total foreign exchange accounts	***48,950***	***44,313***	***40,871***	***40,827***	***44,178***	***42,299***	***51,709***	***46,950***	***48,507***	***56,997***
LOANS, INVESTMENTS AND ADVANCES—										
Enterprise Crown corporations and other government business enterprises	12,858	14,594	17,625	20,584	23,683	30,167	104,049	129,523	135,673	130,662
Other loans, investments and advances	14,920	19,184	20,543	21,305	21,411	20,702	21,044	23,158	22,876	22,258
Total loans, investments and advances	***27,778***	***33,778***	***38,168***	***41,889***	***45,094***	***50,869***	***125,093***	***152,681***	***158,549***	***152,920***
TOTAL FINANCIAL ASSETS	**139,456**	**149,092**	**155,385**	**165,559**	**181,858**	**176,046**	**298,949**	**300,836**	**303,963**	**317,579**
NET DEBT	**559,570**	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**650,135**
NON-FINANCIAL ASSETS										
Tangible capital assets	47,037	47,748	48,210	48,355	49,036	51,175	53,326	55,054	57,668	59,047
Inventories	6,113	6,134	5,525	5,875	5,988	6,248	6,348	6,192	6,830	6,996
Prepaid expenses	1,095	940	1,135	1,217	1,613	1,221	1,829	2,129	2,083	1,916
TOTAL NON-FINANCIAL ASSETS	**54,245**	**54,822**	**54,870**	**55,447**	**56,637**	**58,644**	**61,503**	**63,375**	**66,581**	**67,959**
ACCUMULATED DEFICIT	**505,325**	**496,180**	**494,717**	**481,499**	**467,268**	**457,637**	**463,710**	**519,097**	**550,327**	**582,176**

TABLE 1.3

GOVERNMENT OF CANADA
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

(in millions of dollars)

	Year ended March 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET DEBT AT BEGINNING OF YEAR	**565,312**	**559,570**	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**
TRANSITION ADJUSTMENT										**3,337**
CHANGE IN NET DEBT DURING THE YEAR—										
ANNUAL SURPLUS (-) OR DEFICIT	**-6,621**	**-9,145**	**-1,463**	**-13,218**	**-13,752**	**-9,597**	**5,755**	**55,598**	**33,372**	**26,220**
CHANGE DUE TO TANGIBLE CAPITAL ASSETS—										
Acquisition of tangible capital assets	5,051	4,535	4,619	4,046	4,789	5,957	6,249	7,136	8,061	6,976
Amortization of tangible capital assets	-3,341	-3,502	-3,696	-3,904	-3,807	-3,954	-4,176	-4,418	-4,756	-4,859
Proceeds from disposal of tangible capital assets	-288	-91	-144	-146	-202	-440	-608	-297	-447	-664
Net loss (-) or gain on disposal of tangible capital assets, including adjustments	-112	-231	-317	149	-99	576	686	-693	-244	-74
Total change due to tangible capital assets	*1,310*	*711*	*462*	*145*	*681*	*2,139*	*2,151*	*1,728*	*2,614*	*1,379*
CHANGE DUE TO INVENTORIES	**-325**	**21**	**-609**	**350**	**113**	**260**	**100**	**-156**	**638**	**166**
CHANGE DUE TO PREPAID EXPENSES	**-106**	**-155**	**195**	**82**	**396**	**-392**	**608**	**300**	**-46**	**-167**
NET DECREASE (-) OR INCREASE IN NET DEBT DUE TO OPERATIONS	**-5,742**	**-8,568**	**-1,415**	**-12,641**	**-12,562**	**-7,590**	**8,614**	**57,470**	**36,578**	**27,598**
OTHER COMPREHENSIVE INCOME (-) OR LOSS					**-479**	**-34**	**318**	**-211**	**-2,142**	**2,292**
NET DECREASE (-) OR INCREASE IN NET DEBT	**-5,742**	**-8,568**	**-1,415**	**-12,641**	**-13,041**	**-7,624**	**8,932**	**57,259**	**34,436**	**29,890**
NET DEBT AT END OF YEAR	**559,570**	**551,002**	**549,587**	**536,946**	**523,905**	**516,281**	**525,213**	**582,472**	**616,908**	**650,135**

TABLE 1.4

GOVERNMENT OF CANADA
CONSOLIDATED STATEMENT OF CASH FLOW
(in millions of dollars)

	Year ended March 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
OPERATING ACTIVITIES—										
ANNUAL SURPLUS OR DEFICIT (-)	**6,621**	**9,145**	**1,463**	**13,218**	**13,752**	**9,597**	**-5,755**	**-55,598**	**-33,372**	**-26,220**
Items not affecting cash—										
Share of annual profit in enterprise Crown corporations and other government business enterprises	-2,958	-3,708	-4,853	-5,041	-5,336	-4,256	-4,773	-2,306	-6,992	-5,350
Amortization of tangible capital assets	3,341	3,502	3,696	3,904	3,807	3,954	4,176	4,418	4,756	4,859
Net loss or gain (-) on disposal of tangible capital assets, including adjustments	112	231	317	-149	99	-576	-686	693	244	74
Change in taxes receivable	2,008	-4,356	-5,524	-5,636	-7,379	590	-6,009	2,848	-9,563	-7,380
Change in pensions and other future benefits	-648	2,375	4,201	3,303	5,418	5,423	4,948	6,850	7,271	5,085
Change in foreign exchange accounts	3,096	4,637	3,442	44	-3,351	1,879	-9,410	4,759	-1,557	-8,490
Change in accounts payable and accrued liabilities	-48	2,016	12,528	3,692	5,079	3,952	3,536	6,526	-1,465	5,943
Net change in other accounts	18	-675	-6,718	-4,866	1	1,468	7,862	-5,642	-987	2,487
Cash provided or used (-) by operating activities	**11,542**	**13,167**	**8,552**	**8,469**	**12,090**	**22,031**	**-6,111**	**-37,452**	**-41,665**	**-28,992**
CAPITAL INVESTMENT ACTIVITIES—										
Acquisition of tangible capital assets	-5,051	-4,535	-4,619	-4,046	-4,789	-5,957	-6,249	-7,136	-8,061	-6,976
Proceeds from disposal of tangible capital assets	288	91	144	146	202	440	608	297	447	664
Cash used by capital investment activities	**-4,763**	**-4,444**	**-4,475**	**-3,900**	**-4,587**	**-5,517**	**-5,641**	**-6,839**	**-7,614**	**-6,312**
INVESTING ACTIVITIES—										
Enterprise Crown corporations and other government business enterprises—										
Equity transactions	1,814	1,843	1,669	2,012	2,602	2,436	1,495	-3,226	2,818	2,684
Issuance of loans and advances	-26	-167	-142	-198	-3,713	-5,052	-132,057	-119,755	-76,579	-63,389
Repayment of loans and advances	307	358	334	331	3,894	435	60,688	99,921	76,677	65,286
Issuance of other loans, investments and advances	-6,216	-9,569	-8,218	-6,861	-16,969	-6,571	-6,910	-21,174	-5,858	-7,679
Repayment of other loans, investments and advances	4,716	4,929	6,866	5,182	16,475	6,883	5,041	16,620	5,814	6,858
Cash provided or used (-) by investing activities	**595**	**-2,606**	**509**	**466**	**2,289**	**-1,869**	**-71,743**	**-27,614**	**2,872**	**3,760**
TOTAL CASH GENERATED OR USED (-) BEFORE FINANCING ACTIVITIES	**7,374**	**6,117**	**4,586**	**5,035**	**9,792**	**14,645**	**-83,495**	**-71,905**	**-46,407**	**-31,544**
FINANCING ACTIVITIES—										
Issuance of Canadian currency borrowings	309,420	336,260	335,682	363,824	369,354	343,755	531,668	554,892	553,464	567,707
Repayment of Canadian currency borrowings	-305,773	-337,734	-335,969	-366,123	-373,886	-366,493	-415,801	-499,383	-520,569	-536,430
Issuance of foreign currency borrowings	17,297	14,227	13,608	15,859	11,586	11,099	24,500	22,212	8,195	12,743
Repayment of foreign currency borrowings	-23,188	-14,826	-17,864	-18,061	-15,299	-11,973	-23,616	-24,351	-8,810	-9,656
Cash used (-) or provided by financing activities	**-2,244**	**-2,073**	**-4,543**	**-4,501**	**-8,245**	**-23,612**	**116,751**	**53,370**	**32,280**	**34,364**
NET INCREASE OR DECREASE (-) IN CASH	**5,130**	**4,044**	**43**	**534**	**1,547**	**-8,967**	**33,256**	**-18,535**	**-14,127**	**2,820**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**11,398**	**16,528**	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**16,528**	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**

TABLE 1.5

GOVERNMENT OF CANADA
DETAILED CONSOLIDATED STATEMENT OF NON-BUDGETARY TRANSACTIONS AND OF NON-FINANCIAL ASSETS

(in millions of dollars)

	Year ended March 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
LOANS, INVESTMENTS AND ADVANCES—										
Enterprise Crown corporations and other government business enterprises—										
Loans and advances—										
Canada Mortgage and Housing Corporation	218	219	190	200	148	258	-57,470	-10,399	2,693	2,974
Business Development Bank of Canada						-1,000	-6,284	-4,961	-978	662
Farm Credit Canada						-3,840	-7,610	-4,481	-1,627	-1,768
Other	63	-28	2	-67	33	-35	-5	7	10	29
	281	*191*	*192*	*133*	*181*	*-4,617*	*-71,369*	*-19,834*	*98*	*1,897*
Investments—										
Share of annual profit	-2,958	-3,708	-4,853	-5,041	-5,336	-4,256	-4,773	-2,306	-6,992	-5,350
Other comprehensive income (-) or loss					-479	-34	318	-211	-2,142	2,292
Dividends	1,881	1,907	1,944	2,027	2,604	2,436	2,095	1,391	2,818	2,028
Capital	-67	-64	-275	-15	-3		-600	-4,617		656
Transition adjustment										3,337
	-1,144	*-1,865*	*-3,184*	*-3,029*	*-3,214*	*-1,854*	*-2,960*	*-5,743*	*-6,316*	*2,963*
Total	-863	-1,674	-2,992	-2,896	-3,033	-6,471	-74,329	-25,577	-6,218	4,860
Less:										
Amount expected to be repaid from future appropriations	43	62	39	63	66	32	-473	-103	-64	-119
Unamortized discounts and premiums						-19	26		-4	-32
Total	-906	-1,736	-3,031	-2,959	-3,099	-6,484	-73,882	-25,474	-6,150	5,011
Other loans, investments and advances—										
Portfolio investments			1,225	-101			6	2		12
National governments, including developing countries	828	572	171	158	80	143	-182	235	69	40
International organizations	-349	-72	-253	-224	-491	-321	-905	-454	-826	-704
Provincial and territorial governments	-249	-2,459	-673	14	285	899	217	590	257	-849
Other loans, investments and advances	-1,730	-2,681	-1,822	-1,524	-367	-410	-1,005	-4,926	456	680
Total	-1,500	-4,640	-1,352	-1,677	-493	311	-1,869	-4,553	-44	-821
Less: allowance for valuation	-324	-376	6	-915	-387	-398	-1,527	-2,440	-326	-1,439
Total	-1,176	-4,264	-1,358	-762	-106	709	-342	-2,113	282	618
Total loans, investments and advances	**-2,082**	**-6,000**	**-4,389**	**-3,721**	**-3,205**	**-5,775**	**-74,224**	**-27,587**	**-5,868**	**5,629**
PENSIONS AND OTHER FUTURE BENEFITS—										
Public sector pensions	-1,213	1,852	2,019	1,483	3,664	2,645	2,538	2,934	3,292	2,776
Other employee and veteran future benefits	564	523	2,182	1,820	1,754	2,778	2,410	3,916	3,979	2,309
Total pensions and other future benefits	**-649**	**2,375**	**4,201**	**3,303**	**5,418**	**5,423**	**4,948**	**6,850**	**7,271**	**5,085**
OTHER LIABILITIES—										
Due to Canada Pension Plan	323	390	-4,712	-2,620	-97	52	-16	85	-152	115
Other liabilities	672	-154	-579	-567	-185	632	44	579	-120	503
Total other liabilities	**995**	**236**	**-5,291**	**-3,187**	**-282**	**684**	**28**	**664**	**-272**	**618**
NON-FINANCIAL ASSETS—										
Tangible capital assets	-1,310	-711	-462	-145	-681	-2,139	-2,152	-1,728	-2,614	-1,379
Inventories	325	-21	609	-350	-113	-260	-100	156	-638	-166
Prepaid expenses	106	155	-195	-82	-396	392	-608	-300	46	167
Total non-financial assets	**-879**	**-577**	**-48**	**-577**	**-1,190**	**-2,007**	**-2,860**	**-1,872**	**-3,206**	**-1,378**
OTHER TRANSACTIONS—										
Taxes receivable	2,008	-4,356	-5,524	-5,636	-7,379	590	-6,009	2,848	-9,563	-7,380
Other accounts receivable	336	127	223	-327	-817	151	-3	-441	-266	-555
Provincial, territorial and Aboriginal tax agreements account	-934	2,374	1,103	2,316	410	-1,311	-168	1,438	241	2,688
Taxes payable	-735	-509	2,610	2,752	2,986	7,622	1,835	-2,594	397	2,304
Other liabilities	1,621	151	8,813	-1,376	1,683	-2,359	1,869	7,682	-2,103	951
Total other transactions	**2,296**	**-2,213**	**7,225**	**-2,271**	**-3,117**	**4,693**	**-2,476**	**8,933**	**-11,294**	**-1,992**
TOTAL NON-BUDGETARY TRANSACTIONS AND NON-FINANCIAL ASSETS	**-319**	**-6,179**	**1,698**	**-6,453**	**-2,376**	**3,018**	**-74,584**	**-13,012**	**-13,369**	**7,962**

TABLE 1.6

GOVERNMENT OF CANADA
DETAILED CONSOLIDATED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS

(in millions of dollars)

	Year ended March 31									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FOREIGN EXCHANGE ACCOUNTS—										
International reserves held in the Exchange Fund Account	3,818	3,602	2,133	-1,822	-3,737	1,769	-8,290	-2,507	-340	-8,100
International Monetary Fund—Subscriptions	-121	757	945	567	-433	354	-1,259	2,188	31	-50
International Monetary Fund—Loans								-337	-802	-186
	3,697	*4,359*	*3,078*	*-1,255*	*-4,170*	*2,123*	*-9,549*	*-656*	*-1,111*	*-8,336*
Less: International Monetary Fund—										
Notes payable	623	-336	-453	-1,412	-771	201	14	2,351	416	202
Special drawing rights allocations	-22	58	89	113	-48	43	-154	-7,766	30	-48
	601	*-278*	*-364*	*-1,299*	*-819*	*244*	*-140*	*-5,415*	*446*	*154*
Total foreign exchange accounts	**3,096**	**4,637**	**3,442**	**44**	**-3,351**	**1,879**	**-9,409**	**4,759**	**-1,557**	**-8,490**
UNMATURED DEBT—										
Payable in Canadian currency—										
Marketable bonds	-5,367	-9,354	-11,981	-4,664	-3,652	-3,932	41,636	72,776	48,118	32,060
Treasury bills	10,371	8,967	13,821	4,398	2,477	-17,138	75,339	-16,426	-12,869	241
Retail debt	-1,382	-1,254	-2,250	-1,738	-2,167	-2,107	-536	-677	-1,714	-1,219
Bonds for Canada Pension Plan	-19	56	-35	-291	-1,359	-700	-519	-71	-425	-16
	3,603	*-1,585*	*-445*	*-2,295*	*-4,701*	*-23,877*	*115,919*	*55,602*	*33,110*	*31,066*
Payable in foreign currencies	-5,891	-599	-4,256	-2,201	-3,713	-875	883	-2,138	-615	3,087
Cross-currency swap revaluation	630	-1,132	-1,285	-1,336	1,167	-329	5,110	-7,923	-858	643
Unamortized discounts and premiums on market debt	-2,654	-354	-732	-438	121	446	1,462	-341	607	190
Obligation related to capital leases	44	111	158	-5	169	1,140	-51	-94	-405	-52
Other unmatured debt									190	263
Total unmatured debt	**-4,268**	**-3,559**	**-6,560**	**-6,275**	**-6,957**	**-23,495**	**123,323**	**45,106**	**32,029**	**35,197**
CASH AND CASH EQUIVALENTS AT END OF YEAR—										
In Canadian currency	16,478	20,559	20,607	21,152	22,701	13,733	46,989	28,124	13,902	16,493
In foreign currencies	50	13	8	-3	-5	-4	-4	326	421	650
Total cash and cash equivalents	**16,528**	**20,572**	**20,615**	**21,149**	**22,696**	**13,729**	**46,985**	**28,450**	**14,323**	**17,143**

GLOSSARY OF TERMS

The following terms are used in this section and throughout the consolidated financial statements in Section 2 of this Volume. The definitions are taken from three primary sources:

1. TERMIUM at www.termiumplus.gc.ca/
2. The *CICA Public Sector Accounting Handbook*.
3. Glossary of Frequently-Used Terms, Finance Canada.

- Accounts of Canada –
  The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

- Accrued Benefit Obligation –
  The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

- Accumulated Deficit –
  The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

- Actuarial Valuation for Accounting Purposes –
  An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation results in a calculation of the required future contributions or payments and a determination of any gains or losses since the last valuation.

- Allowance –
  Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

- Appropriation –
  Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

- Capital Lease –
  A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

- Consolidated Revenue Fund –
  The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

- Consumer Price Index (CPI) –
  A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a "shopping basket" of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is "weighted", meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

- Contingent Liability –
  A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

- Contractual Obligation –
  A written obligation to outside organizations or individuals as a result of a contract.

- Defined Benefit Pension Plan –
  A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

- Enterprise Crown Corporation –
  A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods and/or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

- Financial Assets –
  An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

- Full Accrual Accounting –
  The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

- G-7 (Group of Seven) –
  The G-7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G-7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G-7 Finance Deputies.

- Gross Domestic Product (GDP) –
  The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself.

- Net Book Value of Tangible Capital Assets –
  The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

- Net Debt –
  The total liabilities of the government less its financial assets.

- Non-Financial Assets –
  An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

- Operating Lease –
  A lease in which the lessor retains substantially all the benefits and risks of ownership.

- Other comprehensive income –
  Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale or derivative instruments used in hedging activities.

- Public Money –
  All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

- Real Return Bonds –
  These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the consumer price index.

- Retail Debt –
  Canada Savings Bonds and Canada Premium Bonds.

- Surplus –
  The amount by which government revenue exceeds expenses in any given year.

- Swap –
  An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

- Tangible Capital Asset –
  A non-financial asset having physical substance that:

  (i) is held for use in the production or supply of goods and services;
  (ii) has a useful economic life extending beyond an accounting period; and
  (iii) has been acquired to be used on a continuing basis.

- Transfer Payments –
  A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not:

  (i) receive any goods or services directly in return as would occur in a purchase/sales transaction;
  (ii) expect to be repaid in the future, as would be expected in a loan; or
  (iii) expect a financial return, as would be expected in an investment.

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SECTION 2

2011-2012

PUBLIC ACCOUNTS OF CANADA

Consolidated Financial Statements of the Government of Canada and Report and Observations of the Auditor General of Canada

CONTENTS

Page

Preface 2.2
Statement of responsibility 2.3
Auditor General of Canada—Independent Auditor's Report 2.4
Consolidated financial statements—
  Consolidated Statement of Operations and Accumulated Deficit 2.5
  Consolidated Statement of Financial Position 2.6
  Consolidated Statement of Change in Net Debt 2.7
  Consolidated Statement of Cash Flow 2.8
  Notes to the Consolidated Financial Statements of the Government of Canada 2.9
Supplementary information—
  Observations of the Auditor General of Canada 2.37

PREFACE TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of these consolidated financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These consolidated financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The consolidated financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Consolidated Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Consolidated Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Consolidated Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit.

The fourth is the **Consolidated Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the *Public Accounts of Canada,* provide more detailed supplementary information in respect of matters reported in the consolidated financial statements. The Independent Auditor's Report on the consolidated financial statements does not extend to this supplementary information.

STATEMENT OF RESPONSIBILITY

The consolidated financial statements in this section are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year.

Responsibility for the integrity and objectivity of the consolidated financial statements rests with the Government. The consolidated financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The consolidated financial statements are prepared on a full accrual basis of accounting whereby assets include both financial and non-financial assets, revenues, including tax revenues are recorded when earned, and expenses include accrued expenses and amortization of tangible capital assets. The information included in these consolidated financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents the consolidated financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in section 6 of the *Auditor General Act*. Additional information is provided in the observations of the Auditor General of Canada at the end of this section.

Annually, the consolidated financial statements are tabled in the House of Commons as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the consolidated financial statements and accompanying independent audit opinion.

On behalf of the Government of Canada.

MdAuray

MICHELLE D'AURAY
Secretary of the
Treasury Board of
Canada

Michael Horgan

MICHAEL HORGAN
Deputy Minister of
Finance

FGuimont

FRANÇOIS GUIMONT
Deputy Receiver General for
Canada

JAMES RALSTON
Comptroller General of
Canada

August 30, 2012

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the House of Commons

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of Canada, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of operations and accumulated deficit, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Government's Responsibility for the Consolidated Financial Statements

The Government is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2012, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied on a basis consistent with that of the preceding year.

Additional information and comments on the consolidated financial statements and this Report are included in my Observations at the end of Section 2, Volume 1 of the *Public Accounts of Canada 2012*.

Michael Ferguson, FCA
Auditor General of Canada

30 August 2012
Ottawa, Canada

GOVERNMENT OF CANADA

Consolidated Statement of Operations and Accumulated Deficit for the Year Ended March 31, 2012

(in millions of dollars)

	2012		2011
	Budget (Note 2)	Actual	Actual
REVENUES (Note 17)			
TAX REVENUES —			
Income tax revenues —			
Personal	119,937	119,269	113,457
Corporate	32,479	31,702	29,969
Non-resident	5,429	5,300	5,137
Total income tax revenues	***157,845***	***156,271***	***148,563***
Other taxes and duties —			
Goods and services tax	30,059	28,370	28,379
Energy taxes	5,410	5,328	5,342
Customs import duties	3,837	3,862	3,520
Other excise taxes and duties	5,542	5,546	5,662
Total other taxes and duties	***44,848***	***43,106***	***42,903***
TOTAL TAX REVENUES	***202,693***	***199,377***	***191,466***
EMPLOYMENT INSURANCE PREMIUMS	***18,851***	***18,556***	***17,501***
OTHER REVENUES —			
Crown corporations	11,558	12,024	12,937
Other programs	14,510	13,577	13,378
Net foreign exchange	1,487	1,669	1,809
TOTAL OTHER REVENUES	***27,555***	***27,270***	***28,124***
TOTAL REVENUES	**249,099**	**245,203**	**237,091**
EXPENSES (Notes 3 and 17)			
TRANSFER PAYMENTS —			
Old age security benefits, guaranteed income supplement and spouse's allowance	37,990	38,045	35,629
Major transfer payments to other levels of government	58,208	56,794	52,787
Employment insurance benefits	19,516	17,647	19,850
Children's benefits	13,062	12,726	12,656
Other transfer payments	39,539	34,513	39,967
TOTAL TRANSFER PAYMENTS	***168,315***	***159,725***	***160,889***
OTHER PROGRAM EXPENSES —			
Crown corporations	7,698	8,198	7,584
Ministries	72,387	72,474	71,119
TOTAL OTHER PROGRAM EXPENSES	***80,085***	***80,672***	***78,703***
TOTAL PROGRAM EXPENSES	***248,400***	***240,397***	***239,592***
PUBLIC DEBT CHARGES	***32,958***	***31,026***	***30,871***
TOTAL EXPENSES	**281,358**	**271,423**	**270,463**
ANNUAL DEFICIT	**32,259**	**26,220**	**33,372**
ACCUMULATED DEFICIT AT BEGINNING OF YEAR	**550,327**	**550,327**	**519,097**
TRANSITION ADJUSTMENT (Note 11)		**3,337**	
OTHER COMPREHENSIVE LOSS OR INCOME (-) (Note 4)		**2,292**	**-2,142**
ACCUMULATED DEFICIT AT END OF YEAR (Note 4)	**582,586**	**582,176**	**550,327**

Certain comparative figures have been reclassified to conform to the current year's presentation.
The accompanying notes are an integral part of these consolidated statements.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Consolidated Statement of Financial Position as at March 31, 2012

(in millions of dollars)

	2012	2011
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES —		
Other accounts payable and accrued liabilities (Note 16)	58,804	55,342
Taxes payable	50,952	48,648
Environmental liabilities (Note 16)	8,362	7,745
Interest and matured debt	6,379	6,733
Allowance for guarantees (Note 16)	506	592
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	***125,003***	***119,060***
INTEREST-BEARING DEBT —		
Unmatured debt (Note 5)	626,352	591,155
Pensions and other future benefits —		
Public sector pensions (Note 6)	148,911	146,135
Other employee and veteran future benefits (Note 6)	60,515	58,206
Total pensions and other future benefits	*209,426*	*204,341*
Other liabilities (Note 7)	6,933	6,315
TOTAL INTEREST-BEARING DEBT	***842,711***	***801,811***
TOTAL LIABILITIES	**967,714**	**920,871**
FINANCIAL ASSETS		
CASH AND ACCOUNTS RECEIVABLE —		
Cash and cash equivalents (Note 8)	17,143	14,323
Taxes receivable (Note 9)	86,006	78,626
Other accounts receivable (Note 9)	4,513	3,958
TOTAL CASH AND ACCOUNTS RECEIVABLE	***107,662***	***96,907***
FOREIGN EXCHANGE ACCOUNTS (Note 10)	***56,997***	***48,507***
LOANS, INVESTMENTS AND ADVANCES —		
Enterprise Crown corporations and other government business enterprises (Notes 4, 11 and 16)	130,662	135,673
Other loans, investments and advances (Note 12)	22,258	22,876
TOTAL LOANS, INVESTMENTS AND ADVANCES	***152,920***	***158,549***
TOTAL FINANCIAL ASSETS	**317,579**	**303,963**
NET DEBT	**650,135**	**616,908**
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	59,047	57,668
Inventories	6,996	6,830
Prepaid expenses	1,916	2,083
TOTAL NON-FINANCIAL ASSETS	**67,959**	**66,581**
ACCUMULATED DEFICIT (Note 4)	**582,176**	**550,327**
CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES (Notes 15 and 16)		

The accompanying notes are an integral part of these consolidated statements.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Consolidated Statement of Change in Net Debt for the Year Ended March 31, 2012

(in millions of dollars)

	2012		2011
	Budget (Note 2)	Actual	Actual
NET DEBT AT BEGINNING OF YEAR	**616,908**	**616,908**	**582,472**
TRANSITION ADJUSTMENT (Note 11)		**3,337**	
CHANGE IN NET DEBT DURING THE YEAR —			
ANNUAL DEFICIT	**32,259**	**26,220**	**33,372**
CHANGE DUE TO TANGIBLE CAPITAL ASSETS —			
Acquisition of tangible capital assets	8,130	6,976	8,061
Amortization of tangible capital assets	-4,930	-4,859	-4,756
Proceeds from disposal of tangible capital assets	-260	-664	-447
Net loss on disposal of tangible capital assets, including adjustments		-74	-244
TOTAL CHANGE DUE TO TANGIBLE CAPITAL ASSETS	***2,940***	***1,379***	***2,614***
CHANGE DUE TO INVENTORIES		**166**	**638**
CHANGE DUE TO PREPAID EXPENSES		**-167**	**-46**
NET INCREASE IN NET DEBT DUE TO OPERATIONS	**35,199**	**27,598**	**36,578**
OTHER COMPREHENSIVE LOSS OR INCOME (-) (Notes 4 and 11)		**2,292**	**-2,142**
NET INCREASE IN NET DEBT	**35,199**	**29,890**	**34,436**
NET DEBT AT END OF YEAR	**652,107**	**650,135**	**616,908**

The accompanying notes are an integral part of these consolidated statements.
Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Consolidated Statement of Cash Flow for the Year Ended March 31, 2012

(in millions of dollars)

	2012	2011
OPERATING ACTIVITIES —		
ANNUAL DEFICIT	**-26,220**	**-33,372**
Items not affecting cash —		
Share of annual profit in enterprise Crown corporations and other government business enterprises	-5,350	-6,992
Amortization of tangible capital assets	4,859	4,756
Net loss on disposal of tangible capital assets, including adjustments	74	244
Change in taxes receivable	-7,380	-9,563
Change in pensions and other future benefits	5,085	7,271
Change in foreign exchange accounts	-8,490	-1,557
Change in accounts payable and accrued liabilities	5,943	-1,465
Net change in other accounts	2,487	-987
CASH USED BY OPERATING ACTIVITIES	***-28,992***	***-41,665***
CAPITAL INVESTMENT ACTIVITIES —		
Acquisition of tangible capital assets	-6,976	-8,061
Proceeds from disposal of tangible capital assets	664	447
CASH USED BY CAPITAL INVESTMENT ACTIVITIES	***-6,312***	***-7,614***
INVESTING ACTIVITIES —		
Enterprise Crown corporations and other government business enterprises —		
Equity transactions	2,684	2,818
Issuance of loans and advances	-63,389	-76,579
Repayment of loans and advances	65,286	76,677
Issuance of other loans, investments and advances	-7,679	-5,858
Repayment of other loans, investments and advances	6,858	5,814
CASH PROVIDED BY INVESTING ACTIVITIES	***3,760***	***2,872***
TOTAL CASH USED BEFORE FINANCING ACTIVITIES	***-31,544***	***-46,407***
FINANCING ACTIVITIES —		
Issuance of Canadian currency borrowings	567,707	553,464
Repayment of Canadian currency borrowings	-536,430	-520,569
Issuance of foreign currency borrowings	12,743	8,195
Repayment of foreign currency borrowings	-9,656	-8,810
CASH PROVIDED BY FINANCING ACTIVITIES	***34,364***	***32,280***
NET INCREASE OR DECREASE (-) IN CASH	**2,820**	**-14,127**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	***14,323***	***28,450***
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	***17,143***	***14,323***
SUPPLEMENTARY INFORMATION		
Cash used for interest	16,899	15,854

The accompanying notes are an integral part of these consolidated statements.
Details (unaudited) can be found in other sections of this volume.

Notes to the Consolidated Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and they are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

The financial activities of all of these entities, except for enterprise Crown corporations and other government business enterprises, are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Enterprise Crown corporations and other government business enterprises, which are not dependent on the Government for financing their activities, are recorded under the modified equity method.

The Canada Pension Plan (the Plan), which includes the assets of the Plan under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to the Plan require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

Basis of accounting

These consolidated financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Revenues

The Government reports revenues on an accrual basis. Tax revenues are non-exchange transactions, which are generally derived from exchange transactions between third parties. They are recognized in the period in which the event that gave rise to the revenue takes place. Income tax revenue is recognized when the taxpayer has earned the income subject to the tax. Domestic goods and services tax revenue is recognized at the time of the sale of goods or the provision of services and is presented on the Consolidated Statement of Operations and Accumulated Deficit net of tax credits. Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. Excise taxes revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. Customs duties and goods and services tax revenue on imports is recognized when goods are authorized to enter Canada.

Tax revenues are measured from amounts assessed and from estimates of amounts not yet assessed based on cash received. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that can not yet be reliably determined.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and taxes payable on the Consolidated Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

Other revenues are recognized in the period to which they relate. Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Expenses

The Government reports expenses on an accrual basis. Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements. Public debt charges are recorded when incurred and include interest, servicing costs and costs of issuing new borrowings and amortization of premiums and discounts on market debt, as well as interest on pensions and other future benefits.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debt, loans, investments and advances, and inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

Foreign exchange accounts

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Consolidated Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary Fund are recorded at cost.

Loans, investments and advances

Loans, investments and advances are initially recorded at cost and are adjusted to reflect the concessionary terms of loans made on a long-term, low interest or interest-free basis and the portion of loans expected to be repaid from future appropriations.

When necessary, an allowance for valuation is recorded to reduce the carrying value of loans, investments and advances to amounts that approximate their net realizable value.

For loans to national governments, including developing countries, the allowance is determined based on the identification and evaluation of countries that have formally applied for debt service relief, estimated probable losses that exist on the remaining portfolio, and changes in the economic conditions of sovereign debtors.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is usually the lower of the implicit interest rate in the lease or the Consolidated Revenue Fund term lending rate at the inception of the lease. These assets are amortized over the lease term or over the estimated useful life of the asset if the lease term contains terms that allow ownership to pass to the Government or a bargain purchase option. The corresponding lease obligations are recorded under unmatured debt on the Consolidated Statement of Financial Position.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*, the cost of works of art and museum collections and Crown land to which no acquisition cost is attributable. Intangible assets are also not recognized in the consolidated financial statements.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management's best estimate of original cost, based on available information.

Non-financial assets are not taken into consideration when determining the net debt of the Government, but rather are deducted from the net debt to determine the accumulated deficit.

Unmatured debt

Unmatured debt consists of market debt, cross currency swap revaluations, the obligation related to capital leases and other unmatured debt. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded in public debt charges. The unamortized premium or discount arising on the buy back of bonds that are subsequently refinanced with similar debt with the intent of sustaining market liquidity is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The Government's holdings of its own securities, if any, are deducted from market debt to report the liability to external parties. The Government does not specifically borrow on behalf of enterprise Crown corporations. Consequently, there is no netting of outstanding market debt and loans to these corporations.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

The obligation related to capital leases represents the present values of the remaining minimum lease payments under capital lease agreements. The corresponding assets under capital leases are recorded under tangible capital assets on the Consolidated Statement of Financial Position.

Public sector pensions and other employee and veteran future benefits

Employee entitlements to pension benefits and to other employee and veteran future benefits are reported on an actuarial basis. This process is intended to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments are amortized over the estimated average remaining service lives of the employees.

Contingent liabilities

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

For guarantees, the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

Environmental liabilities

Environmental liabilities consist of estimated costs related to the remediation of environmentally contaminated sites as well as estimated costs related to obligations associated with future asset restoration.

The liability for remediation of environmentally contaminated sites is accrued and an expense recorded based on management's best estimates when the contamination occurs or when the Government becomes aware of the contamination and is obligated, or is likely obligated to incur costs associated with remediation of the contaminated site. The liability reflects the present value of estimated cash flows required to remediate the sites to an acceptable condition according to the current minimum standard for federal use prior to contamination or for the intended federal use, whichever is less, where such amounts can be reasonably estimated.

The liability for future asset restoration costs is accrued and the related costs are capitalized and amortized over the associated asset's estimated useful life based on management's best estimates of the cost to meet obligations imposed by legislation, regulation and/or contractual agreements. The liability reflects the present value of estimated future cash flows required to restore the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities and/or assets are removed from service.

The recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the obligation is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses relating to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other program revenues. Net gains and losses relating to transfer payments are reported in the transfer payment expenses under other transfer payments. Net gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported in ministry expenses under other program expenses.

Use of estimates and measurement uncertainty

The preparation of consolidated financial statements requires the Government to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these estimates are subject to measurement uncertainty. They are based on facts and circumstances available at the time estimates and assumptions are made, historical loss experience and general economic conditions. The effect of changes to such estimates and assumptions in future periods could be significant to the consolidated financial statements. Significant estimates in these consolidated financial statements affect the accrual of tax revenues and the related amounts receivable and payable, including the liabilities under provincial and territorial tax collection agreements, valuation allowances for loans, investments and advances, obligations for public sector pensions and other employee and veteran future benefits, contingent liabilities, environmental liabilities and transfer payments to other levels of government.

Other comprehensive income or loss

Other comprehensive income or loss, resulting from the accounting of enterprise Crown corporations and other government business enterprises under the modified equity method, is excluded from the calculation of the Government's annual deficit and is recorded directly to the Government's accumulated deficit and net debt.

Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

2. Spending and Borrowing Authorities

i. Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. During fiscal year 2011-2012, with the dissolution of Parliament on March 26, 2011, two special warrants were issued to support expenditures from April 1 to June 29, 2011, totalling authorities to spend of $24,536 million. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued. These amounts are therefore included in the authorities presented in the following table.

The Government uses the full accrual method of accounting to prepare its Budget and present its current consolidated financial statements. However, the spending authorities voted by Parliament remain on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the authorities indicated:

	(in millions of dollars)	
	2012	2011
Annual spending limits voted by Parliament, including special warrants	99,895	104,281
Expenditures permitted under other legislation	139,895	141,948
Total budgetary expenditures authorized	239,790	246,229
Less: amounts available for use in subsequent years and amounts that have lapsed, net of overexpended amounts	11,557	13,234
Total net expenditures	228,233	232,995
Effect of consolidation and full accrual accounting	43,190	37,468
Total expenses	271,423	270,463

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Consolidated Statement of Operations and Accumulated Deficit. The difference is due to various factors. Spending authorities are presented on a partial accrual basis, while the Consolidated Statement of Operations and Accumulated Deficit is prepared on a full accrual basis. The transactions of certain accounts with separate non-budgetary authorities and of certain Crown corporations or other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when they are disbursed to the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of $229,205 million ($241,434 million in 2011) was authorized for loans, investments and advances. A net amount of $60,303 million ($74,390 million in 2011) was used, an amount of $1,056 million ($735 million in 2011) lapsed and an amount of $167,846 million ($166,309 million in 2011) is available for use in subsequent years.

Details (unaudited) about the source and disposition of authorities and the details of ministerial expenditures are provided in Volume II of the *Public Accounts of Canada*.

ii. Over-expenditure of spending authorities

There were no over-expenditure of spending authorities in 2011-2012.

iii. Borrowing authorities

The Government may borrow only on the authority of Parliament which is contained in Part IV of the *Financial Administration Act*. Section 43.1 of the *Financial Administration Act* empowers the Governor in Council to authorize the Minister of Finance to borrow money on behalf of Her Majesty in right of Canada. In 2012, the Governor in Council specified $300,000 million ($300,000 million in 2011) to be the maximum aggregate amount of principal that may be borrowed during the fiscal year. The maximum aggregate amount of principal is the sum of *i)* the maximum stock of treasury bills anticipated to be outstanding during the year, *ii)* the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii)* an amount to facilitate intra-year management of the debt and foreign exchange reserves. During the year, $271,141 million ($263,215 million in 2011) of the borrowing authority was used.

iv. Source of budget amounts

The budget amounts included in the Consolidated Statement of Operations and Accumulated Deficit and the Consolidated Statement of Change in Net Debt are derived from the amounts that were budgeted for 2012 in the June 2011 Budget Plan (Budget 2011). Budget 2011 amounts have been restated to reflect the reclassification of Canada Mortgage and Housing Corporation – Minister's Account from a consolidated Crown corporation to an enterprise Crown corporation in 2011-2012. This restatement has resulted in a $2,217 million decrease in budgeted Crown corporation expenses and a $2,217 million increase in budgeted expenses for other transfer payments, with no overall impact on the 2011-2012 annual deficit. In addition, since actual opening numbers of the accumulated deficit and net debt were not available at the time of preparation of Budget 2011, the corresponding amounts in the budget column have been adjusted to the actual closing numbers of the previous year.

3. Expenses

Expenses in the Consolidated Statement of Operations and Accumulated Deficit include:

i. Major transfer payments to other levels of government

	(in millions of dollars)	
	2012	2011
Canada health transfer	27,174	26,031
Canada social transfer	11,514	11,179
Fiscal arrangements	19,188	17,577
Other major transfers	2,847	1,751
Quebec abatement [1]	-3,929	-3,751
Total major transfer payments to other levels of government	56,794	52,787

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details (unaudited) can be found in Section 3 of this volume and in Section 1 of Volume II of the *Public Accounts of Canada*.

[1] These amounts represent recoveries of the Quebec Abatement which is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

ii. Other transfer payments

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, expenses of other consolidated entities, and other miscellaneous payments.

iii. Public debt charges

	(in millions of dollars)	
	2012	2011
Public debt charges related to unmatured debt —		
Interest on unmatured debt	15,074	14,820
Amortization of discounts on Canada and Treasury Bills	1,747	1,312
Amortization of premiums and discounts on all other debts	2,077	1,985
Cross currency swap revaluation	-553	-473
Servicing costs and costs of issuing new borrowings	21	17
Capital lease obligations	212	219
Total	18,578	17,880
Interest expense related to pensions and other future benefits	12,164	12,699
Other liabilities	284	292
Total public debt charges	31,026	30,871

Details (unaudited) can be found in Section 3 of this volume.

iv. Total expenses by segment

The Government has defined the segments as the Ministries and Crown corporations and other entities. Additional segmented information is provided in Note 17. The following table presents the total expenses by segment after the elimination of internal transactions:

	(in millions of dollars)	
	2012	2011
Ministries —		
Agriculture and Agri-Food	3,344	3,616
Atlantic Canada Opportunities Agency	282	351
Canada Revenue Agency	18,428	17,771
Canadian Heritage	1,639	1,657
Citizenship and Immigration	1,661	1,709
Economic Development Agency of Canada for the Regions of Quebec	235	396
Environment	1,720	1,757
Finance	86,439	84,057
Fisheries and Oceans	1,866	1,853
Foreign Affairs and International Trade	6,667	6,042
Governor General	21	20
Health	5,392	5,326
Human Resources and Skills Development	68,096	68,779
Indian Affairs and Northern Development	7,207	7,892
Industry	5,183	6,033
Justice	1,506	1,483
National Defence	23,025	21,575
Natural Resources	3,575	5,209
Parliament	566	556
Privy Council	564	380
Public Safety and Emergency Preparedness	10,426	9,960
Public Works and Government Services	3,325	2,700
Transport	5,798	7,626
Treasury Board	2,555	2,379
Veterans Affairs	1,096	1,009
Western Economic Diversification	196	458
Provision for valuation and other items	1,745	1,808
Total ministries	262,557	262,402
Crown corporations and other entities	8,866	8,061
Total expenses	271,423	270,463

Certain comparative figures have been reclassified to conform to the current year's presentation.
Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

v. Total expenses by type of resource used in operations

The Consolidated Statement of Operations and Accumulated Deficit and the previous table present a breakdown of expenses by segment, which represent the expenses incurred for each of the main functions of the Government. The following table presents the detail of these expenses by main objects of expense:

	(in millions of dollars)	
Objects of expense	2012	2011
Transfer payments	159,725	160,889
Other program expenses —		
Crown corporations [1]	7,739	7,191
Personnel	43,838	42,297
Transportation and communications	2,796	2,870
Information	245	275
Professional and special services	7,998	7,903
Rentals	1,781	1,736
Repair and maintenance	3,051	3,138
Utilities, materials and supplies	2,852	2,799
Other subsidies and expenses	5,308	5,656
Amortization of tangible capital assets	4,859	4,756
Net loss on disposal of assets	205	82
Total other program expenses	80,672	78,703
Total program expenses	240,397	239,592
Public debt charges	31,026	30,871
Total expenses	271,423	270,463

Certain comparative figures have been reclassified to conform to the current year's presentation.
Details (unaudited) reconciling objects of expense to objects of expenditure can be found in Section 3 of this volume and details (unaudited) on ministerial expenditures by object can be found in Section 1 of Volume II of the *Public Accounts of Canada*.

[1] This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

vi. Significant transactions

Harmonized Sales Tax (HST) Transitional Assistance to British Columbia

In 2011 and 2012, $1,599 million was paid to British Columbia with respect to its entering into a Comprehensive Integrated Tax Coordination Agreement with Canada. During the year and as a result of the province's decision to exit the Harmonized Sales Tax, these amounts became recoverable by Canada. Consequently, the transitional assistance is being recovered by the Government in equal annual instalments of $319.8 million with the final instalment being due in March 2016. As at March 31, 2012, the Government has collected the first of these instalments. The Government has not collected interest on these amounts.

Payments to Quebec regarding Sales Tax Harmonization

On March 28, 2012, the Government signed a Comprehensive Integrated Tax Coordination Agreement with Quebec whereby Quebec agreed to make a number of changes to the Quebec Sales Tax (QST) in order to harmonize it with the federal Goods and Services Tax (GST) on a going forward basis. As part of the terms to this agreement, the Government committed to make payments to Quebec in the amount of $2,200 million which has been recorded in 2011-12 as a transfer payment expense in the Consolidated Statement of Operations and Accumulated Deficit and is included in other accounts payable and accrued liabilities in the Consolidated Statement of Financial Position. Of this amount accrued, $733 million will be paid on the first business day following the implementation date and $1,467 million will be paid on the first business day following the one-year anniversary of the implementation date. Quebec will work toward implementing the amended QST on January 1, 2013.

4. Accumulated Deficit

The Government includes in its revenues and expenses, the transactions of consolidated Crown corporations and other entities controlled by the Government, and of certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of payments over revenues must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and the equity of the consolidated Crown corporations and other entities included in the accumulated deficit:

	(in millions of dollars)	
	2012	2011
Accumulated deficit, excluding consolidated accounts and accumulated other comprehensive income [1]	581,636	549,943
Consolidated specified purpose accounts —		
Employment Insurance Operating Account	7,948	7,397
Other insurance accounts	-523	-485
Other consolidated accounts	-309	-316
	588,752	556,539
Consolidated Crown corporations and other entities	-3,754	-3,664
Accumulated other comprehensive income	-2,822	-2,548
Accumulated deficit	582,176	550,327

Details (unaudited) can be found in Section 4 of this volume.

[1] Included in this amount are actuarial gains and losses on pensions and other employee future benefits which are a part of other comprehensive income but recorded directly to accumulated deficit and therefore are not a component of accumulated other comprehensive income.

Accumulated other comprehensive income

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits are recorded in other comprehensive loss or income in accordance with International Financial Reporting Standards (IFRS). The unrealized gains and losses on financial instruments reflect changes in the fair value of financial assets classified as available-for-sale or derivative instruments used in hedging activities and are excluded from the calculation of profit or loss until realized. Actuarial gains and losses related to pensions and other employee future benefits reflect differences between the actual and expected returns on plan assets as well as the difference between actual and expected experience and changes in actuarial assumptions used to determine the present value of the benefit obligations. In accordance with IFRS, these actuarial gains and losses are recorded directly to retained earnings without reclassification to profit or loss in a subsequent period.

Other comprehensive loss or income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then reflected in the Government's annual deficit. As indicated above, the actuarial gains and losses related to pensions and other employee future benefits are not reclassified.

The following table presents the different components of other comprehensive loss or income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

	(in millions of dollars)	
	2012	2011
Accumulated other comprehensive income at beginning of year	2,548	406
Transition adjustment (Note 11)	459	
Total	3,007	406
Other comprehensive loss (-) or income —		
Net change in unrealized gains and losses on available-for-sale financial instruments	-215	2,156
Net change in fair value of derivatives designated as hedges	30	-14
Actuarial gains (losses) on pensions and other employee future benefits	-2,107	
Total	-2,292	2,142
Less: Actuarial gains (losses) on pensions and other employee future benefits recorded directly to accumulated deficit	-2,107	
Accumulated other comprehensive income at end of year	2,822	2,548

5. Unmatured Debt

Unmatured debt includes:

	(in millions of dollars)	
	2012	2011
Market debt —		
Payable in Canadian currency	620,294	589,228
Payable in foreign currencies	10,715	7,628
Total	631,009	596,856
Cross currency swap revaluations	-4,448	-5,091
Unamortized discounts and premiums on market debt	-4,295	-4,485
Obligation related to capital leases	3,633	3,685
Other unmatured debt	453	190
Total unmatured debt	626,352	591,155

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buy back program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

i. Market Debt

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian $) and the effective average annual interest rates including swaps on foreign currency bonds and notes as at March 31, 2012:

(in millions of dollars)

	Marketable bonds			Treasury	Retail	Bonds for Canada Pension	Canada bills	
Maturing year	CAD	USD	Euro	bills	debt (1)	Plan	USD	Total
2013	54,061			163,400	1,026	11	2,071	220,569
2014	72,225				963			73,188
2015	66,685	2,993			577			70,255
2016	30,942				504			31,446
2017	41,057	3,026			627			44,710
2018 and subsequent . .	182,798	18	2,661		5,225			190,702
	447,768	6,037	2,661	163,400	8,922	11	2,071	630,870
Less: Government holdings of unmatured debt and consolidated adjustment (2)	-372	54		179				-139
Total market debt	448,140	5,983	2,661	163,221	8,922	11	2,071	631,009
Nature of interest rate (3)	Fixed (4)	Fixed	Fixed	Variable	Variable	Fixed	Variable	
Effective weighted average annual interest rates including swaps on foreign currency bonds and notes	3.27	1.69	3.50	0.99	0.81	9.37	0.07	
Range of interest rates..............	0.75 - 11.25	0.88 - 9.70	3.50	0.82 - 1.47	0.50 - 1.80	9.17 - 9.45	0.02 - 0.14	

Details (unaudited) can be found in Section 6 of this volume.

(1) Includes $5,388 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

(2) Includes $54 million of securities held for the retirement of unmatured debt, $248 million of securities held by consolidated Crown corporations and other entities and $441 million of borrowings by consolidated agent Crown corporations.

(3) Debt with terms to maturity of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

(4) Includes real return bonds which have a variable component based on the consumer price index.

ii. Obligation related to capital leases

The total obligation related to capital leases as at March 31, 2012 is $3,633 million ($3,685 million in 2011). Interest on this obligation of $212 million ($219 million in 2011) is reported in the Consolidated Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

Year	(in millions of dollars)
2013	461
2014	483
2015	410
2016	395
2017	415
2018 and subsequent	3,546
Total minimum lease payments	5,710
Less: imputed interest at the average discount rate of 5.71 percent	2,077
Obligation related to capital leases	3,633

Details (unaudited) can be found in Section 6 of this volume.

A significant number of leases fall within the range of 10 and 25 years.

6. Public Sector Pensions and Other Employee and Veteran Future Benefits

i. Pension benefits - overview of the plans

The Government sponsors defined benefit pension plans covering substantially all the employees of the public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act* and territorial governments, members of the Canadian Forces including the Reserve Force, members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. In this note, the term "employees" is used in a general manner to apply to plan members of all of these groups.

The public service, Canadian Forces – Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans. For these plans, pension benefits generally accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings. Benefits are coordinated with Canada/Quebec Pension Plan benefits and are indexed to inflation. Pension benefits under the Reserve Force pension plan accrue based on total pensionable service and pensionable earnings over the service period. Basic allowances provided under the Members of Parliament retiring allowances plan accrue at a rate of three percent per year of pensionable service multiplied by the average of the best five years of sessional indemnity. Pension benefits for federally appointed judges do not have an explicit accrual rate. Instead, they become payable once the member has completed 15 years of pensionable service and the sum of the member's age and years of service equals 80 or more.

The Government has a statutory obligation for the payment of all these pension benefits; most of the pension plans are unfunded.

The plans are generally financed from employee and employer contributions, as well as investment earnings and interest credits. Pursuant to federal public sector pension legislation, an amount equal to contributions less benefit payments and other charges related to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Reserve Force pension plan, is invested in capital markets through the Public Sector Pension Investment Board (PSPIB). Other amounts of contributions less benefit payments and other charges pertaining to the pre April 2000 service for the three main public sector pension plans and amounts for all service periods for the federally appointed judges and Members of Parliament pension plans, are recorded in pension accounts within the accounts of Canada pursuant to pension legislation, but are not invested. The details (unaudited) of these Accounts can be found in Section 6 of this volume.

The following table presents a summary of pension contributions and benefit payments in the year:

	(in millions of dollars)					
	2012			2011		
	Funded plans	Others	Total	Funded plans	Others	Total
Contributions —						
Employees	2,047	66	2,113	1,956	67	2,023
Public Service corporations and territorial governments	219	17	236	229	14	243
Government	3,906	176	4,082	3,630	199	3,829
Total	6,172	259	6,431	5,815	280	6,095
Benefits paid	1,094	7,999	9,093	823	7,772	8,595

Details (unaudited) can be found in Section 6 of this volume.

ii. Other future benefits - overview of the plans

The Government sponsors a variety of other employee and veteran future benefit plans from which employees and former employees can benefit, during or after employment or upon retirement. The cost of these benefits accrues either as employees render service or upon the occurrence of an event resulting in eligibility for benefits under the terms of the plans. The Government is liable for future payments for disability and other benefits paid to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police and survivors and dependants of these groups. Other significant future benefits include health care and dental plans available to retired employees and their dependants, severance benefits, and workers' compensation benefits.

All of these plans are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made in the years in which the benefits are payable. These contributions amounted to $187 million in 2012 ($143 million in 2011). The Government's costs and benefits paid are presented net of these contributions.

The details (unaudited) of these accounts can be found in Section 6 of this volume.

iii. Future benefits liability

The pensions and other future benefits liability includes the following components:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2012	2011	2012	2011
Accrued benefit obligation	230,815	213,341	93,648	74,492
Less: Pension assets —				
Market related value of investments	61,986	53,471		
Contributions receivable from employees for past service	548	537		
Total	62,534	54,008		
	168,281	*159,333*	*93,648*	*74,492*
Unamortized estimation adjustments	-19,370	-13,198	-33,133	-16,286
Future benefits liability	148,911	146,135	60,515	58,206

Details (unaudited) can be found in Section 6 of this volume.

(a) Pension assets

Pension assets include investments held by PSPIB and contributions receivable from employees for past service buy back elections. The investments are valued at market related value and contributions receivable for past service are discounted to approximate their fair value.

The market related value of investments is established on the basis of an expected rate of return on investments, whereby the fluctuations between the market value and expected market value are included in estimation adjustments over a five-year period provided that the market related value of investments remains within a limit of plus or minus 10 percent of the market value. When market related value exceeds the limit, the excess amount is included immediately in estimation adjustments. At March 31, 2012, the market value of the investments is $64,486 million ($58,013 million in 2011).

iv. Future benefits expense

The pensions and other future benefits expense includes the following components:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2012	2011	2012	2011
Benefits expense —				
Benefits earned, net of employee contributions	4,121	3,983	1,926	2,089
Amortization of estimation adjustments	1,334	1,226	2,361	2,228
Plan amendments			527	1,066
Plan curtailments			-267	-8
Plan settlements			22	
Recognition of net unamortized losses or gains (-)			185	-152
Total	5,455	5,209	4,754	5,223
Interest expense —				
Interest on average accrued benefit obligation	12,693	12,469	2,933	2,988
Expected return on average market related value of investments	-3,462	-2,758		
Total	9,231	9,711	2,933	2,988
Total future benefit expense	14,686	14,920	7,687	8,211

Details (unaudited) can be found in Section 6 of this volume.

(a) Plan amendments

In 2012, amendments were made to veteran future benefit programs providing a new supplement to veterans who meet the current eligibility requirements. The amendments resulted in a one-time past service cost of $367 million. In addition, an amendment to the employee severance benefit program was agreed upon resulting in a one-time past service cost of $160 million.

In 2011, amendments to veteran future benefits programs resulted in a net one-time past service cost of $1,034 million and the immediate recognition of net unamortized estimation adjustment gains of $316 million. In addition, an amendment to the employee severance benefit program resulted in a one-time past service cost of $32 million.

(b) Plan curtailments

In 2012 as well as in 2011, the accumulation of severance benefits for voluntary departures ceased for certain employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The impact of the curtailments is a one-time past service cost reduction of $267 million ($8 million in 2011). In addition, the plan curtailments required the immediate recognition of net unamortized estimation adjustment losses of $122 million ($164 million in 2011), representing the portion of unamortized estimation adjustments related to the obligation for employees subject to the curtailments.

(c) Plan settlements

In 2012, payments of $1,152 million were made to employees affected by the curtailments of the severance benefit plan who opted to cash out the full or partial value of their accumulated benefits, resulting in the recognition of settlement losses of $22 million and the immediate recognition of net unamortized estimation adjustment losses of $63 million.

(d) Interest expense

The interest expense calculated on the average accrued benefit obligation for the year is reported as part of public debt charges. It is presented net of the expected return on the average market related value of pension investments for the year. During the year, the actual rate of return of pension investments calculated on a time-weighted basis was 3.0 percent (14.5 percent in 2011).

v. Change in accrued benefit obligation and market related value of pension investments

The changes in the accrued benefit obligation and in the market related value of pension investments during the year were as follows:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2012	2011	2012	2011
Accrued benefit obligation at beginning of year	213,341	201,413	74,492	71,391
Benefits earned	6,448	6,226	1,926	2,089
Interest on average accrued benefit obligation	12,693	12,469	2,933	2,988
Benefits paid	-9,093	-8,595	-5,324	-4,178
Administrative expenses	-161	-163	-54	-54
Net transfers to other plans	-250	-299		
Plan amendments			527	1,066
Plan curtailments			-267	-8
Plan settlements			22	
Actuarial losses	7,837	2,290	19,393	1,198
Accrued benefit obligation at end of year	230,815	213,341	93,648	74,492
Market related value of investments at beginning of year	53,471	44,893		
Expected return on average market related value of investments	3,462	2,758		
Contributions	6,172	5,815		
Benefits, transfers and others	-1,439	-1,001		
Actuarial gains	320	1,006		
Market related value of investments at end of year	61,986	53,471		

vi. Actuarial valuations and assumptions

Actuarial valuations of the pension plans are performed at least every three years for funding purposes. The most recent valuations for the public service and Royal Canadian Mounted Police pension plans were conducted as at March 31, 2011, while the valuations for the Canadian Forces – Regular and Reserve Forces, Members of Parliament and the federally appointed judges' pension plans were conducted as at March 31, 2010.

Valuations for pensions and other future benefits, except for the veteran future benefits, are updated annually for accounting purposes based on the most recent or any in-progress triennial valuation. The valuation for the veteran future benefits is performed every year for accounting purposes.

Valuations are prepared using the projected benefit method prorated on service, except for the veteran future benefits and workers' compensation valuations, where benefits are accrued on an event driven basis. Assumptions required for this process include, among others, estimates of future inflation, interest rates, expected return on investments, general wage increases, work-force composition, retirement rates and mortality rates. These assumptions and others are based on the Government's best estimates. Actual experience which varies from these assumptions or changes in assumptions will result in estimation adjustments. These adjustments are amortized over the estimated average remaining service lives of plan members, which represent periods ranging from 5 to 23 years (5 to 23 years in 2011) according to the plan in question.

The discount rates used to measure the present value of the accrued benefit obligation as well the cost of benefits earned and interest expense for pensions and other future benefits are as follows: *(a)* for post March 2000 service under the three main public sector pension plans, the discount rates are the expected rates of return on invested funds; *(b)* for pre April 2000 service under the three main public sector pension plans, the discount rates are the expected weighted average of long-term bond rates; *(c)* for other future benefits, the discount rate is the expected Government of Canada long-term bond rate.

The assumptions used in measuring the accrued benefit obligation and future benefit expense were as follows:

	2012		2011	
	Accrued benefit obligation	Future benefit expense	Accrued benefit obligation	Future benefit expense
Discount rates [1] —				
Pensions —				
Post March 2000 service	6.0%	6.2%	6.2%	5.8%
Pre April 2000 service	4.8%	6.0%	5.2%	6.5%
Other future benefits	2.8%	4.0%	4.0%	4.3%
Expected rate of return on investments		6.2%		5.8%
Long-term rate of inflation	2.0%		2.0%	
Long-term general wage increase	2.7%		2.9%	
Assumed health care cost trend rates —				
Initial health care cost trend rate	5.6%	8.0%	8.0%	8.3%
Cost trend rate is expected to decline to	4.8%	3.5%	3.5%	3.5%
Year that the rate is expected to stabilize	2021	2025	2025	2024

[1] The presentation of comparative discount rates for the accrued benefit obligation for pensions and other future benefits was changed to disclose flat weighted average discount rates rather than disclosing the initial and ultimate discount rates.

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligation. The following table illustrates the possible impact of a one percent change in the main assumptions:

	(in millions of dollars)			
	Pensions		Other future benefits	
	2012	2011	2012	2011
Possible impact on the accrued benefit obligation due to:				
Increase of one percent in discount rate	-30,200	-27,300	-14,400	-9,800
Decrease of one percent in discount rate	38,400	34,600	19,500	12,800
Increase of one percent in rate of inflation	29,400	26,600	18,900	12,100
Decrease of one percent in rate of inflation	-24,300	-22,000	-14,200	-9,400
Increase of one percent in general wage increase	6,400	5,700	500	700
Decrease of one percent in general wage increase	-5,600	-5,000	-400	-600
Increase of one percent in assumed health care cost trend rates			8,100	4,500
Decrease of one percent in assumed health care cost trend rates			-6,000	-3,400

7. Other Liabilities

Other liabilities include:

	(in millions of dollars)	
	2012	2011
Due to Canada Pension Plan	138	23
Others —		
Government Annuities Account	201	222
Deposit and trust accounts	2,745	2,311
Other specified purpose accounts	3,849	3,759
	6,795	6,292
Total other liabilities	6,933	6,315

i. Due to Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan are not included in these consolidated financial statements.

The Plan is a federal/provincial social benefit program providing compulsory and contributory social insurance and is administered by the Government of Canada. It operates in all parts of Canada, except for the Province of Quebec, which has a comparable program. Payments of pensions and benefits from the Plan are financed through contributions received from employers, employees and self-employed persons, and from income earned on investments. As administrator, the Government's authority to provide benefits is limited to the net assets of the Plan. At March 31, 2012, the fair value of the Plan's net assets is $165,996 million ($151,601 million in 2011).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada to record the transactions of the Plan, as well as the amounts transferred to or received from the Canada Pension Plan Investment Board. The Plan's deposit with the Receiver General for Canada of $138 million ($23 million in 2011) corresponds to the balance in the Account and is reported as the Government's liability to the Plan at March 31, 2012.

Details (unaudited) and the audited financial statements of the Plan can be found in Section 6 of this volume.

ii. Others

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. One of the largest Deposit and Trust accounts is the Indian band funds in the amount of $882 million ($1,092 million in 2011). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account for a total of $3,081 million ($2,961 million in 2011). This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

Details (unaudited) of the other accounts can be found in Section 6 of this volume.

8. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	(in millions of dollars)	
	2012	2011
Cash (1)	10,593	5,584
Cash equivalents	6,550	8,739
Total cash and cash equivalents	17,143	14,323

Details (unaudited) can be found in Section 7 of this volume.

(1) Included in cash is $4,000 million which has been designated as a deposit held with respect to prudential liquidity management undertaken by the Government.

9. Taxes and Other Accounts Receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collected through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of $12,001 million ($10,987 million in 2011) based on aging and a review of individually large receivable balances and has recorded a bad debt expense of $3,762 million ($3,333 million in 2011), which is charged against other program expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

	(in millions of dollars)					
	2012			2011		
	Total taxes receivable	Allowance for doubtful accounts	Net	Total taxes receivable	Allowance for doubtful accounts	Net
Income taxes receivable —						
Individuals	45,897	6,097	39,800	43,207	5,459	37,748
Employers	17,211	1,039	16,172	16,321	999	15,322
Corporations	12,521	1,786	10,735	11,623	1,753	9,870
Non-residents	1,174	114	1,060	988	127	861
Goods and services tax receivable	18,542	2,906	15,636	15,323	2,590	12,733
Customs duties receivable	248	13	235	239	8	231
Excise taxes and duties receivable	2,414	46	2,368	1,912	51	1,861
Total	98,007	12,001	86,006	89,613	10,987	78,626

Details (unaudited) can be found in Section 7 of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end. Total other accounts receivable amount to $6,191 million ($5,459 million in 2011) and are presented net of an allowance for doubtful accounts of $1,678 million ($1,501 million in 2011). Further details (unaudited) can be found in Section 7 of this volume.

10. Foreign Exchange Accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2012, the fair value of the marketable securities held in the Exchange Fund Account is $55,104 million ($45,605 million in 2011). Further details on these investments are provided in the audited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies. Loans outstanding were provided under a temporary bi-lateral borrowing agreement with the IMF. This agreement provides for maximum direct lending of up to $10,000 million US and expires in January 2013. Canada also participates in two multi-lateral lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the temporary bilateral agreement and the multi-lateral arrangements is limited to no more than the equivalent of SDR 8,517 million ($13,160 million) at March 31, 2012.

The following table presents the balances of the foreign exchange accounts:

	(in millions of dollars)	
	2012	2011
International reserves held in the Exchange Fund Account —		
Cash and cash equivalents —		
US dollars	319	228
Euros	163	79
Japanese yen	7	7
Short-term deposits	299	
Total	788	314
Marketable securities —		
US dollars	33,034	26,797
Euros	18,951	17,762
Japanese yen	342	116
Total	52,327	44,675
Special drawing rights	9,020	9,046
Gold	6	6
Total	62,141	54,041
International Monetary Fund —		
Subscriptions	9,842	9,792
Loans	1,325	1,139
Total	73,308	64,972
Less:		
International Monetary Fund —		
Notes payable	7,058	7,260
Special drawing rights allocations	9,253	9,205
Total	16,311	16,465
Total foreign exchange accounts	56,997	48,507

Details (unaudited) can be found in Section 8 of this volume.

11. Crown Corporations and Other Entities

There are 43 parent Crown corporations (43 in 2011) included in the reporting entity of the Government. There are also a number of not-for-profit organizations and other government business enterprises that meet the definition of control for financial reporting purposes and are included in the reporting entity of the Government.

i. Consolidated Crown corporations and other entities

Some Crown corporations and not-for-profit organizations rely on the Government for most of their financing. There are 26 parent Crown corporations (25 in 2011) and five not-for-profit organizations (four in 2011) whose financial activities are consolidated in these financial statements. The major consolidated Crown corporations are Atomic Energy of Canada Limited, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation and VIA Rail Canada Inc. The major consolidated not-for-profit organizations are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. Detailed information (unaudited) on these consolidated entities is included in Section 4 of this volume.

ii. Enterprise Crown corporations and other government business enterprises

The remaining Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. These Crown corporations are referred to as enterprise Crown corporations. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada.

In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises. The major other government business enterprises include The Canadian Wheat Board and the various Port Authorities.

Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method, whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. Most of these corporations follow IFRS used by publicly accountable enterprises. Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss of enterprise Crown corporations and other government business enterprises is recorded directly to the Government's accumulated deficit and net debt.

For fiscal years beginning on or after January 1, 2011, enterprise Crown corporations and other government business enterprises transitioned from Canadian Generally Accepted Accounting Principles (GAAP) to IFRS as required by the Public Sector Accounting Board. The requirements of IFRS 1 "First—time Adoption of International Reporting Standards" required retrospective application of IFRS subject to some areas where an alternative treatment was required, or permitted, by application of an IFRS 1 exception or exemption. The most significant impact of the transition to IFRS was in the area of pensions and other employee future benefits, more specifically, the recognition of actuarial gains and losses. This resulted from accounting policies selected on transition to IFRS to immediately recognize actuarial gains and losses in respect of pensions and other employee future benefits in full as they arise in other comprehensive loss or income, without reclassifying to net profit or loss in subsequent periods, as well as from the corresponding IFRS 1 election to recognize all cumulative actuarial gains and losses in equity as at the date of transition. Under the previous Canadian GAAP, actuarial gains and losses resulting from pensions and other employee future benefits were recognized over a longer period, as opposed to immediately, by systematic amortization through net profit or loss.

As a result of the transition of the enterprise Crown corporations and other government business enterprises to IFRS, certain opening balances of these financial statements were affected. The opening balance of the investment in enterprise Crown corporations and other government business enterprises decreased by $3,337 million. The opening balances of net debt and accumulated deficit both increased by $3,337 million and the opening balance of accumulated other comprehensive income increased by $459 million.

Assets and liabilities of enterprise Crown corporations and other government business enterprises are not included in these consolidated financial statements, except for their borrowings which are recorded as liabilities of the Government when they are not expected to be repaid directly by these corporations. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)	
	2012	2011
Investments —		
Canada Mortgage and Housing Corporation	12,637	11,586
Export Development Canada	8,120	8,073
Canada Development Investment Corporation	4,295	4,818
Business Development Bank of Canada	3,510	4,008
Farm Credit Canada	3,092	2,755
Canada Deposit Insurance Corporation	1,292	1,112
Canada Post Corporation	-1,807	2,262
Other	3,124	2,612
Total investments	34,263	37,226
Loans and advances —		
Canada Mortgage and Housing Corporation	66,595	69,569
Farm Credit Canada	19,326	17,558
Business Development Bank of Canada	12,561	13,223
Other	93	122
	98,575	100,472
Less:		
Amount expected to be repaid from future appropriations	2,147	2,028
Unamortized discounts and premiums	29	-3
Total loans and advances	96,399	98,447
Total loans, investments and advances to enterprise Crown corporations and other government business enterprises	130,662	135,673

Details (unaudited) can be found in Section 9 of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

	(in millions of dollars)					
	2012			2011		
	Third Parties	Government, Crown corporations and other entities	Total	Third Parties	Government, Crown corporations and other entities	Total
Assets —						
Financial assets	384,179	76,951	461,130	361,040	72,736	433,776
Non-financial assets	8,710		8,710	10,428		10,428
Total assets	392,889	76,951	469,840	371,468	72,736	444,204
Liabilities	329,550	105,727	435,277	303,839	102,895	406,734
Equity of Canada as reported			34,563			37,470
Elimination adjustments			-300			-244
Equity of Canada			34,263			37,226
Revenues	29,464	4,518	33,982	30,530	2,587	33,117
Expenses	25,067	3,580	28,647	22,515	3,764	26,279
Profit as reported			5,335			6,838
Adjustments and others			15			154
Profit			5,350			6,992
Other changes in equity —						
Other comprehensive loss (-) or income			-2,292			2,142
Dividends [1]			-2,028			-2,818
Capital [2]			-656			
Transition to International Financial Reporting Standards			-3,337			
			-2,963			6,316
Equity of Canada at beginning of year			37,226			30,910
Equity of Canada at end of year			34,263			37,226
Contractual obligations			41,151			18,991
Contingent liabilities			2,832			2,695

Details (unaudited) can be found in Section 9 of this volume.

[1] Amounts reported as dividends include $1,020 million ($1,155 million in 2011) from the Bank of Canada.

[2] Amounts reported as capital include the repurchase of common and preferred shares of $656 million (nil in 2011) from Business Development Bank of Canada.

iii. Non Public Property

Non Public Property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Personnel and Family Support Services (CFPFSS). The CFPFSS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the consolidated financial statements of the Government of Canada. In 2012, CFPFSS administered estimated revenues and expenses of $361 million ($386 million in 2011) and $376 million ($358 million in 2011) respectively and had net equity of $578 million at March 31, 2012 ($597 million at March 31, 2011). These amounts are excluded from the consolidated financial statements of the Government of Canada.

12. Other Loans, Investments and Advances

The following table presents a summary of the balances of other loans, investments and advances by category:

	(in millions of dollars)	
	2012	2011
National governments, including developing countries and international organizations —		
National governments including developing countries	393	433
International organizations	17,365	16,661
Total	17,758	17,094
Other loans, investments and advances —		
Provincial and territorial governments	3,529	2,680
Other loans, investments and advances	24,286	24,978
Total	27,815	27,658
Total	45,573	44,752
Less: allowance for valuation	23,315	21,876
Total other loans, investments and advances	22,258	22,876

Details (unaudited) can be found in Section 9 of this volume.

The following table presents a summary of the balances of other loans, investments and advances by currency:

	(in millions of dollars)			
	2012			2011
	Loans, investments and advances in base currency	Foreign exchange rate	Loans, investments and advances CAD	Loans, investments and advances CAD
Canadian dollar			40,860	39,878
US dollar	4,584	0.9975	4,574	4,699
Others	13,639	Miscellaneous	139	175
Total			45,573	44,752

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and development of export trade which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 1.0 percent to 10.3 percent. These loans are repayable over 6 to 55 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks as well as loans and advances to associations and other international organizations. These subscriptions are composed of both paid-in and callable capital. They do not provide a return on investment but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms.

Loans to provinces and territories include loans made under relief acts and other legislation. Certain loans are non-interest bearing and others bear interest at rates varying from 4.5 percent to 9.5 percent. These loans are repayable over 1 to 50 years, with final instalments due in 2015.

Other loans, investments and advances include portfolio investments and loans and advances under various programs to individuals and organizations which include loans under the Canada Student Loans Program of $14,699 million ($13,820 million in 2011), and loans for development of export trade which are administered by Export Development Canada of $2,981 million ($4,760 million in 2011). Loans under the Canada Student Loans Program are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5 percent or a fixed prime rate plus 5.0 percent. The repayment period is generally 10 years. Certain loans for development of export trade are non-interest bearing and others bear interest at rates varying from 1.9 percent to 12.8 percent. These loans are repayable over 1 to 20 years, with final instalments due in 2023.

13. Tangible Capital Assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets, whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include land, buildings, works and infrastructure, machinery and equipment including computer hardware and software, vehicles including ships, aircraft and others, leasehold improvements, and assets under construction. Software and leasehold improvements include only the cost of assets acquired since April 1, 2001. Tangible capital assets also include assets under capital lease. Detailed information (unaudited) on tangible capital assets is provided in Section 10 of this volume.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*. In addition, the cost of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	20 to 40 years
Works and infrastructure (1)	5 to 40 years
Machinery and equipment	3 to 30 years
Vehicles	3 to 40 years
Leasehold improvements	lesser of useful life of improvement or lease term
Assets under construction	once in service, in accordance with asset type
Assets under capital leases	in accordance with asset type or over the lease term

(1) Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

	(in millions of dollars)											
	Cost					Accumulated amortization						
	Opening balance	Acquisitions	Disposals	Adjustments [1]	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance	Net book value 2012	Net book value 2011
Land	1,539	19	-13	22	1,567						1,567	1,539
Buildings	22,102	3	-134	737	22,708	12,141	729	-69	-253	12,548	10,160	9,961
Works and infrastructure	12,571	74	-213	596	13,028	7,316	384	-132	-28	7,540	5,488	5,255
Machinery and equipment	32,611	844	-1,431	1,521	33,545	22,115	2,001	-1,094	337	23,359	10,186	10,496
Vehicles	32,564	469	-501	1,547	34,079	19,485	1,262	-290	-240	20,217	13,862	13,079
Leasehold improvements	2,402	47	-32	128	2,545	1,367	196	-28	-74	1,461	1,084	1,035
Assets under construction	13,426	5,325	-75	-4,766	13,910						13,910	13,426
Assets under capital leases	4,921	195	-194	-190	4,732	2,044	287	-184	-205	1,942	2,790	2,877
Total	122,136	6,976	-2,593	-405	126,114	64,468	4,859	-1,797	-463	67,067	59,047	57,668

Details (unaudited) can be found in Section 10 of this volume.

[1] Adjustments include assets under construction of $3,701 million that were transferred to other categories upon completion of the assets.

14. Financial Instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

i. Derivative financial instruments

(a) Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

Cross currency swaps with contractual principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

	(in millions of dollars)	
Maturing year	2012	2011
2012		2,642
2013	4,404	4,185
2014	3,455	3,447
2015	3,187	3,197
2016	3,976	3,959
2017	4,341	3,957
2018 and subsequent	24,994	18,161
Total	44,357	39,548

(b) Foreign-exchange forward agreements

The Government typically funds loans with the IMF as part of the Foreign Exchange Accounts with US dollars, which are denominated in SDR. Since the currency value of the SDR is based upon a basket of key international currencies (the US dollar, Euro, Japanese yen and Pound sterling), a foreign exchange mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The notional principal amount of a foreign-exchange forward agreement refers to the principal amount used to calculate contractual cash flows. This amount does not represent an asset or liability, and is not included in the statement of financial position. Foreign-exchange forward agreements outstanding at March 31, with notional principal amounts in Canadian dollars of $2,097 million ($1,877 million at March 31, 2011), mature in 2013.

(c) Credit risk related to swap and foreign-exchange forward agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having credit ratings from at least two recognized rating agencies, one of which must be Standard & Poor's or Moody's. At the time of inception of the agreement, the credit rating of the institution must be at least A-.

Credit risk is also managed through collateral provisions in swap and foreign exchange forward agreements. Counterparties must pledge collateral to the Government, which, in the event of default, could be liquidated to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign exchange forward agreements.

The following table presents the contractual or notional principal amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

	(in millions of dollars)	
Credit ratings	2012	2011
AA		5,645
AA-	2,756	15,708
A+	21,685	8,436
A	10,499	5,165
A -	4,151	6,471
BBB+	3,965	
BBB	3,398	
Total	46,454	41,425

ii. Managing foreign currency risk and sensitivity analysis to foreign currency exposures

Interest rate and foreign currency risks are managed using a strategy of matching the duration and the currency of the foreign exchange accounts assets and the related foreign currency borrowings of the Government. At March 31, 2012, assets within the foreign exchange accounts and their related foreign currency borrowings substantially offset each other on a market value basis. Accordingly, the impact of price changes affecting these assets and the liabilities funding these assets naturally offset each other, resulting in no significant impacts to the Government's net debt.

Assets related to the IMF are only partially matched by related foreign currency borrowings, as they are denominated in SDRs, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the government foreign currency assets and related liabilities are held in three currency portfolios: the US dollar, the Euro and the Japanese yen. At March 31, 2012, a one percent appreciation in the Canadian dollar as compared to the US dollar, the Euro and the Japanese yen would result in a foreign exchange gain of $29 million due to the exposure of the US dollar portfolio and a foreign exchange loss of $2 million due to the exposure of the Euro portfolio. There is no significant exposure related to the Japanese yen portfolio.

The net foreign exchange gain included in net foreign exchange revenues, other program revenues and other program expenses on the Consolidated Statement of Operations and Accumulated Deficit amounts to $62 million (net foreign exchange gain of $85 million in 2011).

iii. Fair value information

(a) Liabilities and financial assets

The following table presents the carrying value and the fair value of liabilities and financial assets. Fair values are Government estimates and are generally calculated using market conditions at a specific point in time where a market exists. Fair values of liabilities and financial assets with a short term to maturity or of a non-negotiable nature are assumed to approximate their carrying values. Fair values may not reflect future market conditions nor the actual values obtainable should the instrument be exchanged on the market. The calculations are subjective in nature and involve inherent uncertainties due to the unpredictability of future events.

	(in millions of dollars)					
	2012			2011		
	Carrying value	Fair value	Fair value over under (-) carrying value	Carrying value	Fair value	Fair value over under (-) carrying value
Liabilities —						
Accounts payable and accrued liabilities	125,003	125,003		119,060	119,060	
Unmatured debt	626,352	697,571	71,219	591,155	631,070	39,915
Public sector pensions	148,911	165,781	16,870	146,135	154,792	8,657
Other employee and veteran future benefits	60,515	93,648	33,133	58,206	74,492	16,286
Other liabilities	6,933	6,933		6,315	6,315	
Financial Assets —						
Cash and accounts receivable	107,662	107,662		96,907	96,907	
Foreign exchange accounts	56,997	59,949	2,952	48,507	48,978	471
Loans, investments and advances excluding investments in enterprise Crown corporations	118,657	122,692	4,035	121,323	124,551	3,228

Fair values are determined using the following methods and assumptions:

The carrying values of other accounts payable and accrued liabilities, taxes payable, interest and matured debt and cash and accounts receivable are assumed to approximate their fair values due to their short term to maturity and allowances to reduce carrying values.

For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars and Euro medium-term notes, fair values are established using market quotes or the discounted cash flow calculated using year end market interest and exchange rates. The fair value of bonds issued to the Canada Pension Plan are established using discounted cash flows based on current market yields of instruments with similar characteristics, adjusted for the non-marketability and rollover provisions on the bonds. Fair values of other instruments comprising the unmatured debt are deemed to approximate their carrying values due to their short term to maturity or their non-negotiable nature.

The fair values of public sector pension and other employee and veteran future benefit liabilities are assumed to approximate the actuarial value of the accrued benefit obligations net of the fair values of the pension assets, which are established at market value for investments and at discounted net present value for other assets.

Fair values of the securities and gold reserves held in the foreign exchange accounts are established using market quotes or other available market information. Financial claims and obligations with the International Monetary Fund denominated in foreign currencies are reported at Canadian dollar equivalents at March 31, which are assumed to approximate fair value.

Fair values of loans to enterprise Crown corporations are established using market quotes or the discounted cash flow calculated using year end market interest rates. For portfolio or temporary investments, fair values are established using stock market quotes or other available information.

Fair values of other loans, investments and advances are assumed to approximate carrying values since allowances are recorded when necessary to reduce their carrying value to amounts that approximate their estimated realizable value.

(b) Derivative financial instruments

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

	(in millions of dollars)			
	2012		2011	
	Principal amount	Fair value	Principal amount	Fair value
Cross currency swaps	44,357	4,231	39,548	4,979
Foreign-exchange forward agreements	2,097	-39	1,877	-95
Total	46,454	4,192	41,425	4,884

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements, calculated from the contractual or notional principal amounts, using year end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

15. Contractual Obligations

The nature of government activities result in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

	(in millions of dollars)	
	2012	2011
Transfer payment agreements [1]	27,009	36,600
Acquisition of property and equipment, and goods and services	33,848	33,344
Operating leases	2,646	2,637
International organizations	4,744	3,343
	68,247	75,924

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details (unaudited) can be found in Section 11 of this volume.

[1] During the year, Canada Mortgage and Housing Corporation – Minister's Account was reclassified from a consolidated Crown corporation to an enterprise Crown corporation. Consequently, the contractual obligations for transfer payments of the Government regarding the Social Housing Program are now presented in Section 9 of this volume.

Estimated future expenditures related to these contractual obligations are as follows:

Year	(in millions of dollars)
2013	24,009
2014	14,388
2015	7,218
2016	4,666
2017	2,872
2018 and subsequent	15,094
	68,247

Details (unaudited) can be found in Section 11 of this volume.

i. Transfer payment agreements

Transfer payments are one of the government's key instruments to provide various services to Canadians and to contribute in building a strong society and a competitive nation. They represent a large part of the Government of Canada's spending.

ii. Operating leases

The Government rents premises and equipment under operating leases which expire at various dates. Future minimum lease payments as at March 31, 2012, total $2,646 million ($2,637 million in 2011).

16. Contingent Liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into contingent liabilities related to: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations.

i. Guarantees provided by the Government

At March 31, 2012, the principal amount outstanding for guarantees provided by the Government amount to $250,434 million ($236,509 million in 2011) for which an allowance of $506 million ($592 million in 2011) has been recorded. Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. Of the total amount guaranteed, $242,328 million ($227,642 million in 2011) relates to guarantees on the borrowings of agent enterprise Crown corporations for which no allowance (nil in 2011) has been recorded. The repayment of all money borrowed by agent enterprise Crown corporations and interest thereon constitute obligations of the Government and are recorded net of borrowings expected to be repaid directly by these corporations.

ii. International organizations

The Government has callable share capital in certain international organizations that could require payments to those agencies. As at March 31, 2012, callable share capital amounts to $25,051 million ($25,479 million in 2011).

iii. Environmental liabilities

(a) Remediation of contaminated sites

The Government has identified approximately 17,400 sites for which environmental liabilities may exist for assessment, remediation and monitoring. Of these, the Government has identified approximately 2,400 sites (2,200 sites in 2011), where action is possible and for which a liability of $4,773 million ($4,354 million in 2011) has been recorded. In addition, the Government has estimated further clean-up costs for which it may be potentially liable of $1,057 million ($1,044 million in 2011). These further clean up costs have not been accrued as the Government's obligation to incur these costs is not determinable.

(b) Future asset restoration

The total future asset restoration liability is $3,589 million ($3,391 million in 2011), of which Atomic Energy of Canada Ltd. has recorded $3,566 million ($3,357 million in 2011) for nuclear facility decommissioning. Also included in the liability is $4 million related to 43 unexploded explosive ordnance (UXO) affected sites ($16 million in 2011 related to 42 UXO sites) where clearance action is likely.

In addition, the Government has estimated further clearance costs related to UXO affected sites ranging from $180 million to $524 million. These future clearance costs have not been accrued as the Government's obligation to incur these costs is not determinable.

The Government's ongoing efforts to assess contaminated sites and future asset restoration obligations may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any additional liabilities will be accrued in the year in which they become known and can be reasonably estimated.

iv. Claims and pending and threatened litigation

There are thousands of claims and pending and threatened litigation cases outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. The Government has recorded an allowance for claims and litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. Claims and litigation for which the outcome is not determinable and for which an amount has not been accrued, are estimated at approximately $4,769 million ($4,211 million in 2011) which is based on management's best estimate. Certain large and significant claims are described below:

Comprehensive land claims: Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. There are currently 81 (80 in 2011) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability of $3,558 million ($3,772 million in 2011) is estimated for claims that have progressed to a point where quantification is possible.

Specific claims: Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. There are currently 439 (487 in 2011) specific claims under negotiation, accepted for negotiation or under review. A liability of $4,483 million ($4,781 million in 2011) is estimated for claims that have progressed to a point where quantification is possible.

Assessed taxes under objection or appeal: As at March 31, 2012, $19,944 million ($17,117 million in 2011) of previously assessed federal and provincial taxes was under objection at Canada Revenue Agency and $4,840 million ($3,299 million in 2011) was under appeal at either the Tax Court of Canada, the Federal Court of Canada or the Supreme Court of Canada.

Other: In September 1999, the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act* were amended to enable the Government to deal with excess amounts in the superannuation accounts and pension funds governed by these Acts. The legal validity of these provisions was challenged in the Courts. On November 20, 2007, the Ontario Superior Court of Justice rendered its decision and dismissed all the claims of the plaintiffs. The Ontario Court of Appeal dismissed the plaintiffs' appeal on October 8, 2010. The plaintiffs then sought leave to appeal this decision to the Supreme Court of Canada. The Supreme Court of Canada granted leave to appeal. The appeal was heard on February 9, 2012 and the Court reserved. The outcome is not determinable at this time.

v. Insurance programs of agent enterprise Crown corporations

Three agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to $100,000 deposited with each member bank, trust or loan company; Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; and Export Development Canada provides export and foreign investment insurance to help with export trade. At March 31, 2012, total insurance in force amounts to $1,589,869 million ($1,473,068 million in 2011). The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Further details (unaudited) on contingent liabilities can be found in Section 11 of this volume.

17. Segmented information

The Government segmented information is based on the ministry structure reported in the 2011-2012 Estimates, which groups the activities of departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 11. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items. The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. The following tables present the Consolidated Statement of Operations by Ministry and Crown corporation and other entities before the elimination of internal transactions for the year ended March 31:

(in millions of dollars)

	2012								
	Canada Revenue Agency	Finance	Human Resources and Skills Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corpo-rations and other entities	Adjustments [1]	Total
REVENUES									
TAX REVENUES —									
Income tax revenues	156,271								156,271
Other taxes and duties	17,992				25,114				43,106
TOTAL TAX REVENUES	***174,263***				***25,114***				***199,377***
EMPLOYMENT INSURANCE PREMIUMS			***18,938***					***-382***	***18,556***
OTHER REVENUES —									
Crown corporations							16,883	-4,859	12,024
Other programs	3,596	618	2,840	424	1,984	11,247	467	-7,599	13,577
Net foreign exchange		1,669							1,669
TOTAL OTHER REVENUES	***3,596***	***2,287***	***2,840***	***424***	***1,984***	***11,247***	***17,350***	***-12,458***	***27,270***
TOTAL REVENUES	***177,859***	***2,287***	***21,778***	***424***	***27,098***	***11,247***	***17,350***	***-12,840***	***245,203***
EXPENSES									
TRANSFER PAYMENTS —									
Old age security benefits, guaranteed income supplement and spouse's allowance			38,045						38,045
Major transfer payments to other levels of government		54,588				2,206			56,794
Employment insurance benefits			17,647						17,647
Children's benefits	10,049		2,677						12,726
Other transfer payments	440	521	6,382	209	1,015	25,693	561	-308	34,513
TOTAL TRANSFER PAYMENTS	***10,489***	***55,109***	***64,751***	***209***	***1,015***	***27,899***	***561***	***-308***	***159,725***
OTHER PROGRAM EXPENSES—									
Crown corporations							8,527	-329	8,198
Ministries	8,185	816	5,185	22,761	9,598	37,937	188	-12,196	72,474
TOTAL OTHER PROGRAM EXPENSES	***8,185***	***816***	***5,185***	***22,761***	***9,598***	***37,937***	***8,715***	***-12,525***	***80,672***
TOTAL PROGRAM EXPENSES	***18,674***	***55,925***	***69,936***	***22,970***	***10,613***	***65,836***	***9,276***	***-12,833***	***240,397***
PUBLIC DEBT CHARGES		***30,821***		***33***		***179***		***-7***	***31,026***
TOTAL EXPENSES	***18,674***	***86,746***	***69,936***	***23,003***	***10,613***	***66,015***	***9,276***	***-12,840***	***271,423***

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

(1) Represents consolidation adjustments to eliminate internal transactions.

(in millions of dollars)

	2011								
	Canada Revenue Agency	Finance	Human Resources and Skills Development	National Defence	Public Safety and Emergency Preparedness	Other ministries	Crown corporations and other entities	Adjustments [1]	Total
REVENUES									
TAX REVENUES —									
Income tax revenues	148,563								148,563
Other taxes and duties	19,315				23,588				42,903
TOTAL TAX REVENUES	***167,878***				***23,588***				***191,466***
EMPLOYMENT INSURANCE PREMIUMS			***17,862***					***-361***	***17,501***
OTHER REVENUES —									
Crown corporations							21,121	-8,184	12,937
Other programs	4,085	468	3,954	461	1,879	10,916	166	-8,551	13,378
Net foreign exchange		1,809							1,809
TOTAL OTHER REVENUES	***4,085***	***2,277***	***3,954***	***461***	***1,879***	***10,916***	***21,287***	***-16,735***	***28,124***
TOTAL REVENUES	***171,963***	***2,277***	***21,816***	***461***	***25,467***	***10,916***	***21,287***	***-17,096***	***237,091***
EXPENSES									
TRANSFER PAYMENTS —									
Old age security benefits, guaranteed income supplement and spouse's allowance			35,629						35,629
Major transfer payments to other levels of government		51,037				1,750			52,787
Employment insurance benefits			19,850						19,850
Children's benefits	10,013		2,643						12,656
Other transfer payments	446	1,862	8,615	266	535	29,194	575	-1,526	39,967
TOTAL TRANSFER PAYMENTS	***10,459***	***52,899***	***66,737***	***266***	***535***	***30,944***	***575***	***-1,526***	***160,889***
OTHER PROGRAM EXPENSES—									
Crown corporations							8,071	-487	7,584
Ministries	7,539	779	8,173	21,405	9,613	38,683		-15,073	71,119
TOTAL OTHER PROGRAM EXPENSES	***7,539***	***779***	***8,173***	***21,405***	***9,613***	***38,683***	***8,071***	***-15,560***	***78,703***
TOTAL PROGRAM EXPENSES	***17,998***	***53,678***	***74,910***	***21,671***	***10,148***	***69,627***	***8,646***	***-17,086***	***239,592***
PUBLIC DEBT CHARGES		***30,662***		***36***		***183***		***-10***	***30,871***
TOTAL EXPENSES	***17,998***	***84,340***	***74,910***	***21,707***	***10,148***	***69,810***	***8,646***	***-17,096***	***270,463***

Certain comparative figures have been reclassified to conform to the current year's presentation.

Details (unaudited) providing total expenses by segment and type can be found in Section 3 of this volume.

[1] Represents consolidation adjustments to eliminate internal transactions.

OBSERVATIONS OF THE AUDITOR GENERAL ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA FOR THE YEAR ENDED 31 MARCH 2012

Our opinion provides assurance that the Government of Canada is properly reporting its overall financial performance to Parliament and to Canadians. Reporting the financial results of the Government of Canada requires significant efforts from public servants. Staff in individual departments and central agencies work together to prepare the Government of Canada's consolidated financial statements. For the fourteenth consecutive year, we have expressed an unmodified audit opinion on the consolidated financial statements and we thank those involved for their assistance and for the cooperation extended to my Office during the audit.

The purpose of these Observations is to comment on matters that we would like to bring to Parliament's attention.

TRANSITIONING TO NEW ACCOUNTING STANDARDS

During the 2011–12 fiscal year, many government entities have transitioned to new accounting frameworks. Some adopted International Financial Reporting Standards, while others chose Canadian Public Sector Accounting Standards (PSAS) or Government Not for Profit (GNPO) accounting standards. As the Government of Canada's consolidated financial statements are prepared based on Canadian PSAS, no incremental work was required to prepare the government's consolidated financial statements for entities transitioning to PSAS. However,

1) For entities to be consolidated, it was necessary to harmonize the accounting policies of certain Crown corporations that transitioned to an accounting framework other than PSAS to meaningfully report the consolidated results of those corporations in the government's consolidated financial statements.
2) For entities accounted for as government investments, adjustments in their respective financial statements were required to transition to a new accounting framework. These adjustments were reflected in the government's investment in these entities. The transitional adjustments did not impact the government's annual deficit.

We are satisfied that the consolidated financial statements adequately reflect the adoption of new accounting standards for these government entities.

SIGNIFICANT TRANSACTIONS DURING THE YEAR

In the 2011–12 fiscal year, there were two significant transactions related to transfers between the federal and two provincial governments for sales tax or harmonized sales tax (HST) and one transaction relating to termination benefits.

Government transfers

The two government transfers relate to the following situations:

1. The province of British Columbia terminated the HST administration agreement and was required to repay transitional assistance in the amount of $1.6 billion.
2. As part of an agreement to implement the amended Quebec sales tax, the Government of Canada is required to make payments totalling $2.2 billion to Quebec.

According to PSAS, government transfers are recognized in a government's financial statements as expenses for the period in which the events giving rise to the transfer occur. Recoveries are recognized as receivables when there is sufficient evidence that the recipient has not met necessary conditions and is required, under the terms of the transfer, to repay all or some of the amount originally transferred.

We analyzed these transactions and concluded that the transfer payments were accounted for appropriately and were adequately disclosed in the consolidated financial statements.

Workforce adjustment

As part of the Government of Canada's comprehensive review of departmental spending to identify areas where costs can be reduced, it is expected that 19,200 government positions will be eliminated over a three-year period, with many affected individuals qualifying for a workforce adjustment. According to Public Sector Accounting Standards, involuntary termination benefits payments are recognized as a liability and an expense in the government's financial statements when the amount can be reasonably estimated and when the government has demonstrably committed to terminate the employment.

We concluded that the workforce adjustment liability was appropriately accrued and disclosed in the consolidated financial statements.

PARLIAMENTARY AUTHORITY FOR CAPITAL EXPENDITURES

In last year's Observations, we raised a concern about how departments and agencies charge their capital expenditures against their capital and operating votes. We noted that the guidance on capital expenditures was dated. We also noted that the Treasury Board of Canada Secretariat needed to assess the circumstances in which capital votes are required and the factors that determine which expenditures are to be charged to capital votes rather than operating votes. The Secretariat agreed to review the current practices in government during the 2011–12 fiscal year, and to implement any changes arising from the undertaking in the next feasible cycle of the Estimates.

The Standing Committee on Public Accounts reviewed this matter, concurred with our observation, and, in its June 2012 report, recommended that the Treasury Board of Canada Secretariat provide the Public Accounts Committee with the results of its review by 30 September 2012. The Standing Committee also recommended that the Secretariat update its guidance on these matters in time for the preparation of the 2013-14 Main Estimates.

During the year, the Secretariat formed a working group with representation from all capital intensive departments, with the objective to develop a common definition of a "capital expenditures" Vote. In the spring of 2012, the definition, which aligns with the accounting standards of when to capitalize tangible capital assets, was finalized, and the Secretariat communicated the definition to all departments. This definition of a "capital expenditures" Vote, which will be included in the 2013–14 Main Estimates, will provide guidance on which expenditures should be charged to an operating or capital vote. The previous definition of minor capital expenditures will no longer apply. The Secretariat requested each department to submit a departmental implementation plan by 31 August 2012, indicating the fiscal year when it anticipates being able to implement the new definition. The Treasury Board of Canada Secretariat will be requesting status updates with each Annual Reference Level Update.

Also during the year, the Secretariat has assessed the circumstances in which capital votes are required and decided to keep the $5 million threshold. As in the past, generally speaking, government departments that have more than $5 million in planned capital expenditures are expected to establish a capital vote.

We are pleased with the efforts the government has made to review the current practices. We recognize its progress in updating the definition of the "capital expenditures" Vote and in starting to implement the new definition with departments and agencies. We encourage the government to remain vigilant to ensure timely implementation to better support parliamentary authority and government accountability to Parliament.

NATIONAL DEFENCE – NON-FINANCIAL ASSETS

Inventories at National Defence account for $6 billion of the government's $7 billion in inventories. Asset pooled items have a net book value of $3.7 billion and represent repairable spare parts associated with the Department's capital assets.

Since 2003, we have been reporting National Defence's difficulties in the proper recording and valuation of its inventory and asset pooled items, which have resulted in hundreds of millions of dollars in adjustments made each year to the government's consolidated financial statements. We continue to require numerous adjustments in the current year relating to pricing, verification of quantities, and the timely recording of transactions. It is important that the department performs proper counts of its inventory and asset pooled items to ensure the quality of its information and the effectiveness of the control environment.

Additionally, we have noted a number of issues related to the proper recording and amortization of the costs of its tangible capital assets. Further changes are required to prevent errors from occurring.

National Defence is transitioning to a new resource management system which is aimed at enabling the department to track and account for its inventory, asset pooled items and tangible capital assets in one system by December 2013. The department is also working on several other related initiatives such as a new stocktaking policy, a contract to provide national stocktaking assistance, and development of financial control frameworks for its business processes. These initiatives are progressing with various milestones and completion target dates extending to 2016.

National Defence needs to actively monitor the implementation of these initiatives to ensure that the non-financial assets are accurate, complete, recorded and maintained on a timely basis. In addition, the department needs to implement compensating controls and processes during the period of transition to

- ensure that the quantities recorded for inventory and asset pooled items reflect the actual quantities in stock;
- ensure that accurate pricing is updated on a timely basis and that processes and procedures are in place to maintain the integrity of price data; and
- ensure that work-in-progress and write-off of disposed assets are accurately reflected in the consolidated financial statements.

It is important for National Defence to ensure sustained coordinated effort on this matter.

CONTINUING MATTERS

We also wish to bring to Parliament's attention certain matters, included in the tables below, that we have reported in the Observations for the past several years. We are pleased to note that, on various matters, the government has been taking action to address them.

Good progress, further reporting not anticipated

Observation	Current status
Estimate of tax revenues	The tax estimation methodology is complex and requires input from several government entities. Over the last few years, we have reported that the government needs to ensure that a robust methodology is in place to monitor, validate and improve the accuracy and completeness of the tax revenue estimation process. The Canada Revenue Agency has strengthened the tax estimation methodologies by • improving the documentation of the overall approach to validate key assumptions in the methodology for calculating tax revenues, including clarifying the roles and responsibilities of the other government entities; • documenting evolving economic and administrative factors into the methodology; • expanding the extent of back-testing of data to validate the effectiveness of the estimation process for all significant revenue streams; and • documenting the acceptable threshold for variances and ensuring a process to incorporate recurring back-testing variances into the methodology. Although some audit differences were noted in the tax revenues, the above undertakings, led by the Canada Revenue Agency, have provided a structured process allowing for integrated efforts between government entities to validate key assumptions and trends. We have noted improved communication between the government entities around the input required to estimate and validate the tax revenues and we encourage continued timely, coordinated efforts among the government entities in the future.
Accounting standards for other government organizations — entity-level financial statements	For general purpose financial statements to be credible they need to be prepared on a basis consistent with the accounting standards set by an independent standard-setting body, such as the Public Sector Accounting Board, which is the authoritative standard-setting body for the public sector in Canada. The government established an accounting standard, referred to as Treasury Board Accounting Standard 1.2 (TBAS 1.2). The Treasury Board of Canada requires this standard to be applied by government organizations defined as departments under Section 2 of the *Financial Administration Act*. In last year's Observations, we noted that differences existed between the Treasury Board Accounting Standard and Canadian Public Sector Accounting Standards. The government agreed to resolve these differences by 31 December 2011. The new TBAS 1.2 was released in April 2012 and has been revised to align, in all significant respects, with Public Sector Accounting Standards. Although other differences remain, they are being considered and addressed on an individual entity basis. TBAS 1.2 is an important directive; the government will need to assess future changes to Canadian Public Sector Accounting Standards and revise TBAS 1.2, as required, to ensure that the directive continues to align with Public Sector Accounting Standards.

Matters requiring further action

Observation	Current status
Canada Border Services Agency—Tax Revenue System Deficiencies	For several years, we have stated that the Canada Border Services Agency needed to improve its tax revenue accounting systems and practices for GST/HST revenue, as unexplained differences existed between the general ledger and the various reports taken from the customs tax program systems. During the year, the Canada Border Services Agency developed a methodology to reconcile these unexplained differences and has conducted a reconciliation of the GST/HST revenues reported from its legacy systems to its revenue reported in the general ledger for the 2004–12 fiscal years. In reviewing its methodology and reconciliations, we have determined its process to be adequate in design and the resulting adjustments to be appropriate. The Canada Border Services Agency is currently reconciling the 2002 and 2003 fiscal years. We support management in its efforts to complete this reconciliation work by the end of 2012, as well as to carry out ongoing monitoring of current differences. The Canada Border Services Agency has advised us that it plans to implement a new accounts receivable system by October 2013. It is important that management implement this system as planned, as it will help to reduce unexplained differences between the general ledger and the various reports taken from the customs tax program systems.
Accrual-based budgeting and appropriations by departments and agencies	We reported in previous years that the government had outlined a plan to implement accrual-based budgeting in phases and, after implementing it, would evaluate the costs and benefits of implementing accrual-based appropriations in the 2012–13 fiscal year. Accrual-based appropriations would provide Parliament with the same basis for control and approval over voted spending as the government's overall financial plan and the consolidated financial statements. Both the April 2012 Report of the Standing Committee of Public Accounts and the June 2012 Standing Committee on Government Operations and Estimates commented on this matter. They recommended that the Office of the Comptroller General complete its study of accrual-based budgeting and appropriations and report back by 31 March 2013 its recommendations on whether the Government of Canada should pursue accrual-based budgeting in departments and accrual-based appropriations in its financial reporting system. The April 2012 report further recommended that the Treasury Board establish a firm schedule for when any changes would be implemented. The government needs to complete its studies of accrual-based budgeting and appropriations and report back to the Public Accounts Committee and the Standing Committee on Government Operations and Estimates by 31 March 2013.

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SECTION 3

2011-2012

PUBLIC ACCOUNTS OF CANADA

Revenues, Expenses and Accumulated Deficit

CONTENTS

Page

Revenues 3.3
  Accounting for revenues 3.3
  Tax revenues 3.4
  Employment insurance premiums 3.5
  Other revenues 3.6
Expenses 3.8
  Accounting for expenses 3.8
  Expenses by segment 3.10
  Government's cost of operations 3.10
  Expenses by object 3.13
  Expenditures under statutory authorities 3.14

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REVENUES, EXPENSES AND ACCUMULATED DEFICIT

This section provides information on the revenues, expenses and accumulated deficit of the Government as summarized in Table 3.1.

A narrative description is provided for certain accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 3.1

REVENUES, EXPENSES AND ACCUMULATED DEFICIT

(in millions of dollars)

	2011-2012	2010-2011
Revenues—		
Tax revenues, Table 3.2	199,377	191,466
Employment insurance premiums	18,556	17,501
Other revenues, Table 3.4	27,270	28,124
Total revenues	**245,203**	**237,091**
Expenses—		
Transfer payments	159,725	160,889
Other program expenses	80,672	78,703
Total program expenses	***240,397***	***239,592***
Public debt charges, Table 3.8	31,026	30,871
Total expenses, Table 3.6	**271,423**	**270,463**
Annual deficit	**26,220**	**33,372**
Accumulated deficit at beginning of year	**550,327**	**519,097**
Transition adjustment	**3,337**	
Other comprehensive loss (income)	**2,292**	**(2,142)**
Accumulated deficit at end of year	**582,176**	**550,327**

Certain comparative figures have been reclassified to conform to the current year's presentation.

REVENUES

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for Revenues

The Government reports all revenues on an accrual basis.

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. Tax revenues are recognized in the period in which the event that generates the revenue occurs. Taxes are collected pursuant to their respective legislation which may be amended from time to time.

For income taxes, revenue is recognized when the taxpayer has earned the income producing the tax. Revenue is determined net of tax deductions and credits allowed under the *Income Tax Act*.

Revenues for the fiscal year ended March 31 are based on amounts assessed/reassessed at the time of preparation of the consolidated financial statements and estimates of income tax earned in the fiscal period but not yet assessed/reassessed. These estimates are based on amounts received at the time of preparation of the consolidated financial statements that relate to the fiscal year ended March 31 that have not been assessed or that are awaiting reassessment. Actual results may differ significantly from these estimates. Differences between estimates and actuals are recorded in the fiscal year in which the actual assessment/reassessment is completed. Revenues do not include estimates for amounts of unreported taxes or the impact of future reassessments that cannot be reasonably determined.

Goods and services tax, and excise and customs revenues are recorded based on the tax and duties assessed and estimated at the time of preparation of the consolidated financial statements that relate to the fiscal year ended March 31. For domestic goods and services tax, revenue is recognized at the time of the sale of goods or the provision of services. For excise duties, revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act*. For excise taxes, revenue is recognized when a taxpayer sells goods taxable under the *Excise Act*. For customs duties and goods and services tax on imports, revenue is recognized when goods are authorized by the Canada Border Services Agency to enter Canada.

Employment insurance premiums are recognized in revenue in the same period as the insurable earnings are earned. Other revenues are recognized in the period to which they relate.

Tax Revenues

Tax revenues include personal, corporate and non-resident income tax revenues, and other taxes and duties as summarized in Table 3.2.

TABLE 3.2

TAX REVENUES

(in millions of dollars)

	2011-2012	2010-2011
Tax revenues—		
Income tax revenues—		
Personal	119,269	113,457
Corporate	31,702	29,969
Non-resident	5,300	5,137
	156,271	***148,563***
Other taxes and duties—		
Goods and services tax, Table 3.3	28,370	28,379
Energy taxes—		
Excise tax—Gasoline	4,203	4,229
Excise tax—Aviation gasoline and diesel fuel	1,125	1,113
	5,328	*5,342*
Customs import duties	3,862	3,520
Other excise taxes and duties—		
Excise duties	4,482	4,539
Air travellers security charge	631	600
Softwood lumber products export charge	234	233
Other miscellaneous excise taxes and duties	199	290
	5,546	*5,662*
	43,106	***42,903***
Total tax revenues (1)	199,377	191,466

(1) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

Corporate income tax

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

Non-resident income tax

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Other taxes and duties

Other taxes and duties are collected under the *Excise Tax Act*, *Customs Tariff* (Act) and other acts and include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

Goods and services tax

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 5 percent on most goods and services consumed in Canada, with only a limited set of exclusions that include certain medical devices, prescription drugs, basic groceries, residential rents and most health and dental care services. A comparative analysis of the GST is presented in Table 3.3.

TABLE 3.3

GOODS AND SERVICES TAX (GST) (1)

(in millions of dollars)

	2011-2012	2010-2011
GST	34,178	33,913
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties	1,914	1,743
Gross GST from outside parties	32,264	32,170
Less: quarterly tax credits	3,894	3,791
Net GST from outside parties	28,370	28,379

(1) Reported in the Consolidated Statement of Operations and Accumulated Deficit (Section 2 of this volume).

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff* (Act).

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The air travelers security charges are collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

The Softwood Lumber Products export charge is assessed on exports of softwood lumber products to the United States after September 30, 2006. The charge on refunds of softwood lumber duty deposits is assessed on amounts refunded to Canadian companies on amounts related to a United States duty order related to the importation of softwood lumber products into the United States between May 22, 2002 and September 30, 2006.

Employment Insurance Premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.

Other Revenues

Other revenues include Crown corporations, other program and net foreign exchange revenues.

TABLE 3.4

OTHER REVENUES

(in millions of dollars)

	2011-2012	2010-2011
Other revenues—		
Crown corporations—		
Consolidated Crown corporations	4,041	3,347
Enterprise Crown corporations and other government business enterprises—		
Share of annual profit	5,350	6,991
Interest and other	2,633	2,599
	12,024	*12,937*
Other programs—		
Return on investments, Table 3.5	1,175	837
Sales of goods and services—		
Rights and privileges	2,847	2,839
Lease and use of public property	588	526
Services of a regulatory nature	1,206	1,187
Services of a non-regulatory nature	2,947	2,734
Sales of goods and information products	229	212
Other fees and charges	565	502
	8,382	*8,000*
Miscellaneous—		
Interest and penalties	2,980	3,207
Other	1,040	1,334
	13,577	*13,378*
Net foreign exchange—		
Exchange Fund Account	1,672	1,718
International Monetary Fund	1	(2)
Other	(4)	93
	1,669	*1,809*
Total other revenues (1)	27,270	28,124

(1) Additional details are provided in Table 4a in Section 1 of Volume II of the *Public Accounts of Canada*.

Crown corporations

Crown corporation revenues include revenues earned from third parties by Consolidated Crown corporations and other entities, interest earned on loans to enterprise Crown corporations and other government business enterprises, and the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

Other programs

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the *Public Accounts of Canada*.

Net foreign exchange

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses for loans, investments and advances other than those in enterprises Crown corporations and government business enterprises. A comparative analysis of return on investments is presented in Table 3.5.

TABLE 3.5

RETURN ON INVESTMENTS [1]

(in millions of dollars)

	2011-2012	2010-2011
Cash and accounts receivable—		
Interest on bank deposits	116	85
Loans, investments and advances—		
Portfolio investments	[2]	1
National governments including developing countries	2	2
International organizations	4	3
Provincial and territorial governments	[2]	[2]
Other loans, investments and advances	747	747
	753	753
Other accounts—		
Esso Ltd—Norman Wells Project profits	97	102
Other	1	1
	98	103
Total ministerial return on investments	967	941
Net gain (loss) on exchange	199	(117)
Accrual of other revenues	33	26
Total return on investments	1,199	850
Elimination of return on investments internal to the Government	(24)	(13)
Total external return on investments	1,175	837

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Additional details are provided in Table 4a in Section 1 of Volume II, and in Section 10 of Volume III of the *Public Accounts of Canada*.

[2] Less than $500,000.

EXPENSES

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for Expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement, or, in the case of transactions which do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the consolidated financial statements. Public debt charges are recorded when incurred and include interest, servicing costs and cost of issuing new borrowing and amortization of premiums and discounts on market debt.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, and for inventory obsolescence. Expenses also include amortization of tangible capital assets and utilization of inventories and prepaid expenses.

On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenses recorded in the accounts. In preparing the consolidated financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents external expenses by segment and by type.

TABLE 3.6

EXTERNAL EXPENSES BY SEGMENT AND BY TYPE

(in millions of dollars)

	Major transfer payments [1]		Other transfer payments	
	2011-2012	2010-2011	2011-2012	2010-2011
Ministries—				
Agriculture and Agri-Food			1,671	1,930
Atlantic Canada Opportunities Agency			172	238
Canada Revenue Agency	10,049	10,013	440	446
Canadian Heritage			1,070	1,058
Citizenship and Immigration			940	948
Economic Development Agency of Canada for the Regions of Quebec			169	311
Environment			87	134
Finance	54,588	51,037	521	1,862
Fisheries and Oceans			129	127
Foreign Affairs and International Trade			4,321	3,504
Governor General				
Health			2,669	2,682
Human Resources and Skills Development	58,369	58,121	6,264	7,187
Indian Affairs and Northern Development			5,939	5,682
Industry			2,597	3,651
Justice			371	380
National Defence			209	266
Natural Resources			2,573	3,385
Parliament			1	1
Privy Council			93	31
Public Safety and Emergency Preparedness			1,015	534
Public Works and Government Services			5	4
Transport	2,206	1,751	2,501	4,694
Treasury Board			1	1
Veterans Affairs			69	44
Western Economic Diversification			139	390
Provision for valuation and other items				
Total ministries	125,212	120,922	33,966	39,490
Crown corporations and other entities [2]			547	477
Total expenses [3]	125,212	120,922	34,513	39,967

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Includes transfer payments of 38,045 million ($35,629 million in 2011) for the Old age security benefits, the guaranteed income supplement and the spouse's allowance; $56,794 million ($52,787 million in 2011) to other levels of government; $17,647 million ($19,850 million in 2011) for the Employment insurance benefits and $12,726 million (12,656 million in 2011) for the Children's benefits. Additional information is provided in Table 3.7 of this Section.

[2] During the year, the Canada Mortgage and Housing Corporation – Minister's Account was reclassified from a consolidated Crown corporation to an enterprise Crown corporation. Consequently, the transfer payment expenses of the government through this Minister's Account for the Social Housing Program are being presented in Section 9 of this volume.

[3] Additional information is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

Total transfer payments		Other program expenses		Public debt charges [4]		Total expenses	
2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
1,671	1,930	1,673	1,686			3,344	3,616
172	238	110	113			282	351
10,489	10,459	7,939	7,312			18,428	17,771
1,070	1,058	569	599			1,639	1,657
940	948	721	761			1,661	1,709
169	311	66	85			235	396
87	134	1,632	1,621	1	2	1,720	1,757
55,109	52,899	516	505	30,814	30,653	86,439	84,057
129	127	1,737	1,726			1,866	1,853
4,321	3,504	2,346	2,538			6,667	6,042
		21	20			21	20
2,669	2,682	2,723	2,644			5,392	5,326
64,633	65,308	3,462	3,471			68,095	68,779
5,939	5,682	1,268	2,210			7,207	7,892
2,597	3,651	2,586	2,382			5,183	6,033
371	380	1,135	1,103			1,506	1,483
209	266	22,783	21,273	33	36	23,025	21,575
2,573	3,385	999	1,823	3	1	3,575	5,209
1	1	565	555			566	556
93	31	472	349			565	380
1,015	534	9,411	9,426			10,426	9,960
5	4	3,187	2,558	133	138	3,325	2,700
4,707	6,445	1,049	1,140	42	41	5,798	7,626
1	1	2,554	2,378			2,555	2,379
69	44	1,027	965			1,096	1,009
139	390	57	68			196	458
		1,745	1,808			1,745	1,808
159,178	160,412	72,353	71,119	31,026	30,871	262,557	262,402
547	477	8,319	7,584			8,866	8,061
159,725	160,889	80,672	78,703	31,026	30,871	271,423	270,463

(4) Additional information is provided in Table 3.8 of this volume.

Expenses by Segment

The Government segmented information is based on the ministry structure reported in the 2011-2012 Estimates, which groups activities for the departments and agencies for which a Minister is responsible, and the Crown corporations and other entities as described in Note 11 to the consolidated financial statements in Section 2 of this volume.

Government's Cost of Operations

Government's Cost of Operations consists of three major types: transfer payments, other program expenses and public debt charges.

Transfer payments

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following programs:

— The fiscal arrangements are unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and,

— The Canada health transfer and the Canada social transfer are the major means for providing the federal share of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, expenses of other consolidated entities, and other miscellaneous payments.

Other program expenses

This category covers the costs associated with programs directly delivered by the federal Government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

Table 3.7 presents a comparative analysis by province and territory of certain transfer payments.

TABLE 3.7

MAJOR TRANSFER PAYMENTS BY PROVINCE AND TERRITORY

(in millions of dollars)

	Old age security benefits [1]	Employment insurance benefits	Fiscal arrangements	Quebec abatement	Canada health transfer	Canada social transfer	Other major transfers [2]	Children's benefits	Total
Newfoundland and Labrador	769	1,014	538		454	171	31		2,977
	716	*1,034*	*2*		*430*	*167*	*31*		*2,380*
Prince Edward Island	189	252	330		119	49	15		954
	177	*252*	*334*		*111*	*47*	*15*		*936*
Nova Scotia	1,257	873	1,443		766	316	56		4,711
	1,181	*891*	*1,363*		*733*	*310*	*56*		*4,534*
New Brunswick	1,055	935	1,635		611	253	58		4,547
	990	*942*	*1,664*		*585*	*247*	*36*		*4,464*
Quebec	10,633	4,116	8,189	(3,929)	6,441	2,663	464		28,577
	9,944	*4,589*	*8,558*	*(3,751)*	*6,146*	*2,593*	*464*		*28,543*
Ontario	14,144	5,766	2,208		10,816	4,469	1,970		39,373
	13,231	*6,671*	*980*		*10,551*	*4,330*	*3,746*		*39,509*
Manitoba	1,363	517	1,944		1,009	417	66		5,316
	1,293	*566*	*2,004*		*958*	*404*	*66*		*5,291*
Saskatchewan	1,223	426	2		854	352	56		2,913
	1,169	*463*	*2*		*803*	*343*	*56*		*2,836*
Alberta	3,094	1,422	4		2,207	1,260	494		8,481
	2,898	*1,769*	*4*		*2,007*	*1,215*			*7,893*
British Columbia	5,202	2,157	3		3,810	1,526	511		13,209
	4,843	*2,557*	*3*		*3,633*	*1,487*	*1,020*		*13,543*
Total provinces	38,929	17,478	16,296	(3,929)	27,087	11,476	3,721		111,058
	36,442	*19,734*	*14,914*	*(3,751)*	*25,957*	*11,143*	*5,490*		*109,929*
Northwest Territories	22	36	996		31	15	15		1,115
	21	*38*	*920*		*21*	*14*	*15*		*1,029*
Nunavut	10	20	1,175		28	11	15		1,259
	9	*22*	*1,090*		*27*	*11*	*15*		*1,174*
Yukon Territory	24	33	705		28	12	15		817
	22	*33*	*653*		*26*	*11*			*745*
International	237	80							317
	222	*23*							*245*
Sub-total	39,222	17,647	19,172	(3,929)	27,174	11,514	3,766		114,566
	36,716	*19,850*	*17,577*	*(3,751)*	*26,031*	*11,179*	*5,520*		*113,122*
Accrual and other adjustments	(18)		16				(919)		(921)
	(26)						*(3,769)*		*(3,795)*
Sub-total	39,204	17,647	19,188	(3,929)	27,174	11,514	2,847		113,645
	36,690	*19,850*	*17,577*	*(3,751)*	*26,031*	*11,179*	*1,751*		*109,327*
Add: tax credits and repayments	(1,159)							12,726	11,567
	(1,061)							*12,656*	*11,595*
Total Expenses	38,045	17,647	19,188	(3,929)	27,174	11,514	2,847	12,726	125,212
	35,629	*19,850*	*17,577*	*(3,751)*	*26,031*	*11,179*	*1,751*	*12,656*	*120,922*

Amounts in roman type are 2011-2012 transfer payments.
Amounts in *italic* type are 2010-2011 transfer payments.
Certain comparative figures have been reclassified to conform to the current year's presentation.

(1) Includes the guaranteed income supplement and the spouse's allowance.

(2) Includes the contributions under the Gas Tax Fund of $2,206 million as well as net payments to provinces for assistance with sales tax harmonization of $1,560 million. It also includes a payable of $2,200 million to Quebec and a recoverable of $1,279 million from British Columbia accrued in 2011-2012 for sales tax harmonization.

Public debt charges

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.8. The table also discloses the reconciling items between total public debt charges as reported in the ministerial section of the Department of Finance (Section 9) of Volume II and the total expenses of the public debt indicated in Table 3.6. The reconciling items include the expenses of the consolidated specified purpose accounts and accrual and other adjustments.

TABLE 3.8

PUBLIC DEBT CHARGES (1)

(in millions of dollars)

	2011-2012	2010-2011
Unmatured debt—		
Interest on:		
Marketable bonds	14,962	14,648
Retail debt	111	160
Bonds for Canada Pension Plan	1	12
	15,074	*14,820*
Amortization of discounts on Canada and Treasury Bills		
Treasury bills	1,745	1,307
Canada bills	2	5
	1,747	*1,312*
Amortization of premiums and discounts on all other debts		
Marketable bonds	1,156	1,148
Consumer price index adjustments on real return bonds	921	837
	2,077	*1,985*
Cross-currency swap revaluation	(553)	(473)
Servicing costs and costs of issuing new borrowings	21	17
Capital lease obligations	212	219
Total public debt charges related to unmatured debt	18,578	17,880
Pensions and other future benefits—		
Interest on:		
Public sector pensions—Superannuation accounts	9,224	9,901
Less: provision for pension adjustment	7	(190)
	9,231	*9,711*
Other employee and veteran future benefits—		
Health and dental care plans	888	898
Severance benefits	223	251
Worker's compensation	33	32
Veteran benefit plan	1,626	1,653
Royal Canadian Mounted Police benefit plan	163	154
	2,933	*2,988*
Total public debt charges related to pensions and other future benefits	12,164	12,699
Other liabilities—		
Canada Pension Plan	2	2
Government Annuities Account	14	16
Deposit and trust accounts	34	43
Other specified purpose accounts	202	200
Other liabilities	32	31
Total public debt charges related to other liabilities	284	292
Consolidated specified purpose accounts—		
Interest	7	9
Total public debt charges related to consolidated specified purpose accounts	7	9
Total public debt charges before consolidation adjustments	31,033	30,880
Less: consolidation adjustments	7	9
Total public debt charges (1)(2)	31,026	30,871
Comprised of:		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments	27,881	27,864
Accrual and other adjustments	3,152	3,016
Consolidation adjustments	(7)	(9)
Total public debt charges	31,026	30,871

(1) A summary is provided in Table 2a in Section 1 of Volume II of the *Public Accounts of Canada*.

(2) Additional details are provided in Section 7 of Volume III of the *Public Accounts of Canada*.

Expenses by Object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

TABLE 3.9

TOTAL EXPENSES BY OBJECT (1)

(in millions of dollars)

	Total net expenditures	Reconciliation	Total expenses
Transfer payments	133,306	26,419	159,725
Other program expenses—			
Crown corporations (2)		7,739	7,739
Personnel	39,663	4,175	43,838
Transportation and communications	2,981	(185)	2,796
Information	267	(22)	245
Professional and special services	10,714	(2,716)	7,998
Rentals	2,812	(1,031)	1,781
Repair and maintenance	3,522	(471)	3,051
Utilities, materials and supplies	2,941	(89)	2,852
Acquisition of land, buildings and works	1,437	(1,437)	
Acquisition of machinery and equipment	4,063	(4,063)	
Other subsidies and expenses	9,033	(3,725)	5,308
Amortization of tangible capital assets		4,859	4,859
Net loss on disposal of assets		205	205
Total other program expenses	77,433	3,239	80,672
Public debt charges	27,881	3,145	31,026
Total gross expenses	238,620	32,803	271,423
Less: revenues netted against expenditures	10,387	(10,387)	
Total expenses	228,233	43,190	271,423

(1) Additional details are provided in Table 3a in Section 1 of Volume II of the *Public Accounts of Canada*.

(2) This amount differs from the expense shown on the Consolidated Statement of Operations and Accumulated Deficit due to the amortization of tangible capital assets and the net loss on disposal of assets of consolidated Crown corporations, which have been reclassified within their respective object of expense.

Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time as the acts prescribe. These spending authorities do not generally lapse at the end of the year in which they were granted. Expenditures under such authorities account for more than two-thirds of the total program expenses each year.

Table 3.10 presents a comparative summary of the ministerial statutory expenditures.

TABLE 3.10

EXPENDITURES UNDER STATUTORY AUTHORITIES

(in millions of dollars)

	2011-2012		2010-2011	
Public debt charges		27,881		27,864
Old age security payments (*Old Age Security Act*)		28,869		27,213
Canada health transfer (Part V.1—*Federal-Provincial Fiscal Arrangements Act*)	27,192		25,871	
Current or Previous Years' Budget Implementation Acts	(18)		160	
		27,174		26,031
Fiscal equalization (Part I—*Federal-Provincial Fiscal Arrangements Act*)		14,659		14,882
Canada social transfer (Part V.1—*Federal-Provincial Fiscal Arrangements Act*)		11,514		11,179
Guaranteed income supplement payments (*Old Age Security Act*)		8,638		7,901
Territorial financing (Part I.1—*Federal-Provincial Fiscal Arrangements Act*)		2,876		2,664
Universal child care benefit (*Universal Child Care Benefit Act*)		2,691		2,651
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund		1,060		1,228
Additional fiscal equalization payment—Total transfer protection (Part I—*Federal-Provincial Fiscal Arrangements Act*)		952		
Canada Education Savings grant payments to Registered Education Savings Plans (RESPs) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children		692		671
Canada study grants to qualifying full and part-time students pursuant to the *Canada Student Financial Assistance Act*		649		621
Contribution payments for the AgriInsurance program		572		515
Allowance payments (*Old Age Security Act*)		556		541
Transitional payment to Newfoundland and Labrador (*Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act*)		536		
The provision of funds for enhanced Employment Insurance benefits in accordance with the *Budget Implementation Act (2009)*				2,900
Payments related to the direct financing arrangement under the *Canada Student Financial Assistance Act*		494		463
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office		460		443
Losses on foreign exchange		41		408
Transitional assistance to provinces entering into the harmonized value-added tax framework (Part III.1—*Federal-Provincial Fiscal Arrangements Act*)		1,560		3,769
Newfoundland fiscal equalization offset payments				642
Infrastructure Stimulus Fund		92		1,462

TABLE 3.10

EXPENDITURES UNDER STATUTORY AUTHORITIES—*Concluded*

(in millions of dollars)

	2011-2012			2010-2011		
Superannuation, supplementary retirement benefits, death benefits and other pensions —[1]						
Public Service—						
Government's contributions to the public service pension plan and the Retirement Compensation Arrangements Account	2,665			2,655		
Government's contribution as employer to the Employment Insurance Operating Account	283			269		
Government's contributions to the Canada and the Quebec Pension Plans	654			629		
Government's contributions to the Death Benefit Account	13			12		
		3,615			3,565	
Less: recoveries from revolving funds		128			128	
			3,487			3,437
Canadian Forces—						
Government's contribution to the Canadian Forces pension plan and the Retirement Compensation Arrangements Account		1,107			868	
Statutory payments under the *Supplementary Retirement Benefits Act*		4			4	
Government's contribution as employer to the Employment Insurance Operating Account		74			71	
Government's contribution to the Canada and the Quebec Pension Plans		177			176	
Government's contribution to the Death Benefit Account		3			2	
			1,365			1,121
Royal Canadian Mounted Police—						
Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account		276			275	
Statutory payments under the *Supplementary Retirement Benefits Act*		11			12	
Government's contribution as employer to the Employment Insurance Operating Account		25			20	
Government's contribution to the Canada and the Quebec Pension Plans		52			51	
			364			358
Shared Services Canada—						
Government's contribution to the Royal Canadian Mounted Police pension plan and the Retirement Compensation Arrangements Account			1			
All other statutory expenditures			1,332			1,346
Total ministerial expenditures under statutory authorities [2]			**138,515**			**140,310**

Certain comparative figures have been reclassified to conform to the current year's presentation.

[1] Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

[2] Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the *Public Accounts of Canada*.

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SECTION 4

2011-2012

PUBLIC ACCOUNTS OF CANADA

Consolidated Accounts

CONTENTS

	Page
Consolidated Crown corporations and other entities	4.3
Summary financial statements of consolidated Crown corporations and other entities	4.3
Borrowings by consolidated Agent Crown corporations	4.8
Contingent liabilities of consolidated Crown corporations and other entities	4.8
Financial assistance under budgetary appropriations to consolidated Crown corporations	4.9
Consolidated specified purpose accounts	4.10
Insurance accounts	4.12
Other consolidated specified purpose accounts	4.13
Endowment principal	4.14
Supplementary statement—Employment Insurance Operating Account	4.15

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CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities are those which rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. Most corporations and other entities follow either Canadian Public Sector Accounting Standards or International Financial Reporting Standards. The financial information reported by most of the consolidated Crown corporations and other entities in the following summary tables have been prepared and reported based upon Canadian Public Sector Accounting Standards.

Summary Financial Statements of Consolidated Crown Corporations and Other Entities

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations and other entities.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations and other entities.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent long-term debts payable of the corporations and other entities. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, various accruals, capital leases and like items. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues are segregated between third parties and Government, Crown corporations and other entities. Government, Crown corporations and other entities' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties and Government, Crown corporations and other entities. Equity transactions other than current year's net income or loss are segregated between equity adjustments and other, remeasurement gains and losses and equity transactions with the Government. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Remeasurement gains and losses comprise certain unrealized gains and losses on financial instruments that are recognized in the Statement of Remeasurement Gains and Losses, but excluded from the annual surplus (deficit). Upon realization, these gains and losses are included in the annual surplus (deficit). Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with the Government's basis of accounting.

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the consolidated financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The quarterly *Inventory of Government of Canada Organizations* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes for the year ended March 31, 2012. Contingent liabilities of consolidated corporations and other entities are presented in Table 4.4.

A summary of financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2012 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

TABLE 4.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES— ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2012

(in thousands of dollars)

	Assets			
	Financial			
Consolidated Crown corporations and other entities	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Crown corporations[1][2]				
Atomic Energy of Canada Limited	515,916	34,652	596,328	1,146,896
Canada Council for the Arts	270,954	320	2,430	273,704
Canada Development Investment Corporation— PPP Canada Inc	528,571	143,483	1,180	673,234
Canada Employment Insurance Financing Board	685		68	753
Canada Lands Company Limited— Old Port of Montreal Corporation Inc.	11,793		401,784	413,577
Canadian Air Transport Security Authority	7,095	76,301	343,080	426,476
Canadian Broadcasting Corporation	356,198	388	1,253,391	1,609,977
Canadian Commercial Corporation	1,031,095	10,942	1,794	1,043,831
Canadian Dairy Commission[3]	18,935		102,657	121,592
Canadian Museum for Human Rights	42,392	5,301	235,650	283,343
Canadian Museum of Civilization	39,987	19,860	271,506	331,353
Canadian Museum of Immigration at Pier 21	14,536	748	8,459	23,743
Canadian Museum of Nature	14,566	356	207,283	222,205
Canadian Race Relations Foundation	24,096	549	58	24,703
Canadian Tourism Commission	17,425	439	8,096	25,960
Defence Construction (1951) Limited	30,745	22,811	3,854	57,410
Enterprise Cape Breton Corporation	43,231	5,878	4,880	53,989
Federal Bridge Corporation Limited, The[4]	44,574	13,612	301,465	359,651
First Nations Statistical Institute	766		529	1,295
International Development Research Centre	115,025	27,980	13,101	156,106
Marine Atlantic Inc.	21,471	1,222	293,799	316,492
National Arts Centre Corporation	30,049	16	53,824	83,889
National Capital Commission	128,645	4,065	588,786	721,496
National Gallery of Canada	23,080	1,257	90,819	115,156
National Museum of Science and Technology	10,673	1,638	64,985	77,296
Standards Council of Canada	7,528	343	1,682	9,553
Telefilm Canada	6,646	41,088	4,139	51,873
VIA Rail Canada Inc.	58,170	9,514	1,047,841	1,115,525
Total—Crown corporations	3,414,847	422,763	5,903,468	9,741,078
Conversion to the Government accounting basis for consolidation purposes	(4,192)	15	(574,989)	(579,166)
Net Crown corporations on the Government accounting basis	3,410,655	422,778	5,328,479	9,161,912
Other entities				
Aboriginal Healing Foundation	247	24,269	243	24,759
Canada Foundation for Innovation	798,446	719,343	3,921	1,521,710
Canada Foundation for Sustainable Development Technology	287,556	59,241	830	347,627
First Nations Market Housing Fund	306,121	22,603	171	328,895
St. Lawrence Seaway Management Corporation[5][6]	16,085	36,901	56,165	109,151
Capital Fund Trust	12,215	13,947		26,162
Employee Termination Benefits Trust Fund	51	8,460		8,511
Total—Other entities	1,420,721	884,764	61,330	2,366,815
Conversion to the Government accounting basis for consolidation purposes	(12,955)	(9,165)	(41,449)	(63,569)
Net other entities on the Government accounting basis	1,407,766	875,599	19,881	2,303,246
Total	4,818,421	1,298,377	5,348,360	11,465,158

[1] All Crown corporations listed at the margin in this table are parent Crown corporations.

[2] During the year, Canada Mortgage and Housing Corporation—Minister's Account was reclassified as an enterprise Crown corporation and is now presented in Section 9 of this volume.

[3] During the year, Canadian Dairy Commission—Marketing operations was reclassified from an enterprise Crown corporation presented in Section 9 of this volume to a consolidated Crown corporation. Canadian Dairy Commission (Dairy support operations financed by the Government of Canada and Marketing operations) is now presented as one consolidated entity.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
	6,330,066	350,858	6,680,924	(5,840,895)	291,867	15,000	(5,534,028)	1,146,896
	97,792	967	98,759	174,945			174,945	273,704
	3,086	667,620	670,706	2,528			2,528	673,234
	76	615	691	62			62	753
	16,637		16,637	396,940			396,940	413,577
	96,428	333,660	430,088	(3,612)			(3,612)	426,476
435,305	388,586	581,619	1,405,510	204,467			204,467	1,609,977
3,945	989,969	472	994,386	39,445	10,000		49,445	1,043,831
1,794	80,250	39,548	121,592					121,592
	169,196	106,208	275,404	7,939			7,939	283,343
	21,747	244,738	266,485	64,868			64,868	331,353
	12,173	9,432	21,605	2,138			2,138	23,743
	40,391	192,469	232,860	(10,655)			(10,655)	222,205
	295		295	24,408			24,408	24,703
	12,685	6	12,691	13,269			13,269	25,960
	28,194	829	29,023	28,387			28,387	57,410
	449,371	4,781	454,152	(400,163)			(400,163)	53,989
	78,004	254,472	332,476	27,175			27,175	359,651
	433	529	962	333			333	1,295
	41,010	11,262	52,272	103,834			103,834	156,106
	89,087		89,087	227,405			227,405	316,492
	32,673	51,038	83,711	178			178	83,889
	72,864	4,211	77,075	644,421			644,421	721,496
	9,877	99,767	109,644	5,512			5,512	115,156
	12,199	55,744	67,943	9,353			9,353	77,296
	3,569	756	4,325	5,228			5,228	9,553
	37,499	153	37,652	14,221			14,221	51,873
	193,693	844,751	1,038,444	67,781		9,300	77,081	1,115,525
441,044	9,307,850	3,856,505	13,605,399	(4,190,488)	301,867	24,300	(3,864,321)	9,741,078
	(2,399,215)	(3,587,109)	(5,986,324)	5,733,325	(301,867)	(24,300)	5,407,158	(579,166)
441,044	6,908,635	269,396	7,619,075	1,542,837			1,542,837	9,161,912
	465	24,294	24,759					24,759
	1,618	1,520,092	1,521,710					1,521,710
	649	346,978	347,627					347,627
	26,161	302,734	328,895					328,895
	71,476	8,672	80,148	29,003			29,003	109,151
	1	26,161	26,162					26,162
	2	8,509	8,511					8,511
	100,372	2,237,440	2,337,812	29,003			29,003	2,366,815
	(41,449)	(2,204,299)	(2,245,748)	2,182,179			2,182,179	(63,569)
	58,923	33,141	92,064	2,211,182			2,211,182	2,303,246
441,044	6,967,558	302,537	7,711,139	3,754,019			3,754,019	11,465,158

(4) The financial information of the Federal Bridge Corporation Limited is consolidated to include the figures of its subsidiaries, The Jacques Cartier and Champlain Bridges Incorporated, the Seaway International Bridge Corporation, Limited and the St. Mary's River Bridge Company.

(5) These entities, which are not Crown corporations or agents of the Crown, are considered other consolidated entities.

(6) During the year, St. Lawrence Seaway Management Corporation, Capital Fund Trust and Employee Termination Benefits Trust Fund were reclassified from enterprise Crown corporations presented in Section 9 of this volume to other consolidated entities.

TABLE 4.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES FOR THE YEAR ENDED MARCH 31, 2012

(in thousands of dollars)

	Revenues			
		Government, Crown corporations and other entities		
Consolidated Crown corporations and other entities	Third parties	Financial assistance	Other	Total
Crown corporations				
Atomic Energy of Canada Limited[1]	85,164	673,603	165,724	924,491
Canada Council for the Arts	7,863	180,958	1,389	190,210
Canada Development Investment Corporation—				
PPP Canada Inc.	37	12,700	22,728	35,465
Canada Employment Insurance Financing Board		1,487	8	1,495
Canada Lands Company Limited—				
Old Port of Montreal Corporation Inc.	19,462	30,372		49,834
Canadian Air Transport Security Authority	646	488,471	95,929	585,046
Canadian Broadcasting Corporation	719,142	1,032,047	131,076	1,882,265
Canadian Commercial Corporation	2,418,919	15,482	19,994	2,454,395
Canadian Dairy Commission	275,956	4,480		280,436
Canadian Museum for Human Rights	61	11,799	(1,005)	10,855
Canadian Museum of Civilization	13,884	56,571	15,884	86,339
Canadian Museum of Immigration at Pier 21	1,419	6,300	172	7,891
Canadian Museum of Nature	4,668	26,937	6,312	37,917
Canadian Race Relations Foundation	660		214	874
Canadian Tourism Commission	7,518	82,610	1,917	92,045
Defence Construction (1951) Limited	495		111,805	112,300
Enterprise Cape Breton Corporation	2,289	77,191		79,480
Federal Bridge Corporation Limited, The	14,188	64,076	7,598	85,862
First Nations Statistical Institute		3,712	183	3,895
International Development Research Centre	27,599	237,908	22,294	287,801
Marine Atlantic Inc.	100,440	171,758	2,371	274,569
National Arts Centre Corporation	28,685	35,781	6,061	70,527
National Capital Commission	28,324	107,486	7,880	143,690
National Gallery of Canada	9,621	49,485		59,106
National Museum of Science and Technology	6,163	31,346	598	38,107
Standards Council of Canada	7,447	7,636	1,388	16,471
Telefilm Canada	21,705	105,667		127,372
VIA Rail Canada Inc.	281,927	372,439	43,938	698,304
Total—Crown corporations	4,084,282	3,888,302	664,458	8,637,042
Conversion to the Government accounting basis for consolidation purposes	(44,075)	641,388	(334,847)	262,466
Total on the Government accounting basis	4,040,207	4,529,690	329,611	8,899,508
Consolidation adjustments	600	(4,529,690)	(329,611)	(4,858,701)
Net amount—Crown corporations	4,040,807			4,040,807
Other entities				
Aboriginal Healing Foundation	1		13,079	13,080
Canada Foundation for Innovation	34,231		407,101	441,332
Canada Foundation for Sustainable Development Technology	6,155		88,881	95,036
First Nations Market Housing Fund	11,109		281	11,390
St. Lawrence Seaway Management Corporation	66,403		68,340	134,743
Capital Fund Trust	27	81,000		81,027
Employee Termination Benefits Trust Fund	106		1,157	1,263
Total—Other entities	118,032	81,000	578,839	777,871
Conversion to the Government accounting basis for consolidation purposes	(9,729)	179,950	(481,004)	(310,783)
Total on the Government accounting basis	108,303	260,950	97,835	467,088
Consolidation adjustments	16,564	(260,950)	(97,835)	(342,221)
Net amount—Other entities	124,867			124,867
Total	4,165,674			4,165,674

The accompanying notes to Table 4.1 are an integral part of this table.

[1] During the year, Atomic Energy of Canada Limited sold its commercial operations to Candu Energy Inc., an SNC-Lavalin subsidiary. Included in Expenses with Third parties is a loss from discontinued operations of $96 million. This amount is comprised of revenues of $278 million and expenses of $374 million.

Expenses							Equity transactions with the Government		
Third parties	Government, Crown corporations and other entities	Total	Net income (loss)	Equity beginning of year	Equity adjustments and other	Remeasurement gains (losses)	Dividends	Capital	Equity end of year
2,001,915	75,172	2,077,087	(1,152,596)	(3,444,266)	(903,500)			(33,666)	(5,534,028)
196,480	190	196,670	(6,460)	203,597	(21,514)	(678)			174,945
33,545	1,044	34,589	876	736	916				2,528
1,398	35	1,433	62						62
58,692		58,692	(8,858)	1,660	404,138				396,940
577,252	11,919	589,171	(4,125)	36,442	(35,929)				(3,612)
1,843,929	1,525	1,845,454	36,811	(162,638)	330,294				204,467
2,449,809	4,350	2,454,159	236	50,107	(898)				49,445
282,835	358	283,193	(2,757)		2,757				
9,724	1,197	10,921	(66)	3,482	4,826	(303)			7,939
75,256	13,140	88,396	(2,057)	69,318	(3,968)	1,575			64,868
6,223	1,247	7,470	421	6,167	(4,518)	68			2,138
37,489	3,178	40,667	(2,750)	(4,771)	(3,134)				(10,655)
982	195	1,177	(303)	24,749	(38)				24,408
99,101	1,358	100,459	(8,414)	1,657	20,026				13,269
103,135	178	103,313	8,987	18,217	1,183				28,387
80,988	33,372	114,360	(34,880)	(337,295)	(27,988)				(400,163)
118,882		118,882	(33,020)	57,863	2,332				27,175
3,607		3,607	288	110	(65)				333
241,994		241,994	45,807	46,604	11,423				103,834
253,464		253,464	21,105	60,547	145,753				227,405
65,792	4,385	70,177	350	(36)		(136)			178
133,724	9,207	142,931	759	370,880	272,782				644,421
48,486	8,982	57,468	1,638	6,372	(2,498)				5,512
33,980	4,666	38,646	(539)	10,306	(414)				9,353
14,853	57	14,910	1,561	3,358	309				5,228
123,451	825	124,276	3,096	41,929	(30,804)				14,221
653,022	7,297	660,319	37,985	242,731	(203,635)				77,081
9,550,008	183,877	9,733,885	(1,096,843)	(2,692,174)	(42,164)	526		(33,666)	(3,864,321)
(1,281,916)	75,240	(1,206,676)	1,469,142	3,862,712	42,164	(526)		33,666	5,407,158
8,268,092	259,117	8,527,209	372,299	1,170,538					1,542,837
(69,894)	(259,117)	(329,011)	(4,529,690)		4,529,690				
8,198,198		8,198,198	(4,157,391)	1,170,538	4,529,690				1,542,837
13,080		13,080							
441,122	210	441,332							
95,036		95,036							
11,109	281	11,390							
129,159	208	129,367	5,376		23,627				29,003
1	81,026	81,027							
1,263		1,263							
690,770	81,725	772,495	5,376		23,627				29,003
(21,959)	(1,542)	(23,501)	(287,282)	2,493,088	(23,627)				2,182,179
668,811	80,183	748,994	(281,906)	2,493,088					2,211,182
(1,088)	(80,183)	(81,271)	(260,950)		260,950				
667,723		667,723	(542,856)	2,493,088	260,950				2,211,182
8,865,921		8,865,921	(4,700,247)	3,663,626	4,790,640				3,754,019

Borrowings by Consolidated Agent Crown Corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary consolidated financial statements of Canada.

TABLE 4.3

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/2011	Borrowings and other credits	Repayments and other charges	Balance March 31/2012
Canadian Broadcasting Corporation	318,879	132,078	15,652	435,305
Canadian Commercial Corporation	6,524	13,543	16,122	3,945
Canadian Dairy Commission		12,330	10,536	1,794
Total	325,403	157,951	42,310	441,044

Contingent Liabilities of Consolidated Crown Corporations and Other Entities

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations and other entities. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 4.4

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS AND OTHER ENTITIES

(in thousands of dollars)

	March 31/2012
Agent Crown corporations	
Atomic Energy of Canada Limited – Performance guarantees and liquidated damages	210,000
National Capital Commission – Remediation of contaminated sites	465,031
Non-agent Crown corporations	
Marine Atlantic Inc. – Claims and pending and threatened litigation	1,465
St. Lawrence Seaway Management Corporation – Letters of credit	806
VIA Rail Canada Inc. – Letters of credit	29,300
Other entities	
First Nation Market Housing Fund – Loan guarantees	13
Total	706,615

Financial Assistance under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: *(a)* amounts approved through a program expenditures vote; *(b)* amounts approved through an operating expenditures vote and *(c)* amounts approved through a capital expenditures vote.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

TABLE 4.5

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 2012

(in thousands of dollars)

	Program expenditures vote	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations[1]
Agent Crown corporations				
Atomic Energy of Canada Limited[2]	719,031			719,031
Canadian Air Transport Security Authority	509,043			509,043
Canadian Broadcasting Corporation		1,028,047	106,272	1,134,319
Canadian Commercial Corporation	15,482			15,482
Canadian Dairy Commission	4,480			4,480
Canadian Museum for Human Rights	21,799			21,799
Canadian Museum of Civilization	65,198			65,198
Canadian Museum of Immigration at Pier 21	13,824			13,824
Canadian Museum of Nature	28,592			28,592
Canadian Tourism Commission	82,034			82,034
Enterprise Cape Breton Corporation	77,191			77,191
Federal Bridge Corporation Limited, The	103,471			103,471
National Capital Commission		84,290	23,196	107,486
National Gallery of Canada		41,586	8,000	49,586
National Museum of Science and Technology	30,304			30,304
Old Port of Montreal Corporation Inc.	30,373			30,373
Telefilm Canada	105,667			105,667
Total—Agent Crown corporations	1,806,489	1,153,923	137,468	3,097,880
Non-agent Crown corporations				
Canada Council for the Arts	181,418			181,418
First Nations Statistical Institute	3,957			3,957
International Development Research Centre	237,908			237,908
Marine Atlantic Inc.	183,291			183,291
National Arts Centre Corporation	35,781			35,781
PPP Canada Inc.	287,700			287,700
Standards Council of Canada	8,059			8,059
VIA Rail Canada Inc.	493,696			493,696
Total—Non-agent Crown corporations	1,431,810			1,431,810
Total	3,238,299	1,153,923	137,468	4,529,690

(1) Excludes grants and contributions paid to agent and non-agent consolidated Crown corporations where they qualify as members of a general class of recipients.

(2) The financial assistance under budgetary appropriations does not include an amount of $136,693,000 received by Atomic Energy of Canada Limited for Decommissioning Funding. This amount has been presented as Other Revenues from Government, Crown corporations and other entities in Table 4.2.

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

The transactions of these accounts are reported with revenues and expenses, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such description follows the same presentation order as the respective table.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report thereon, are presented at the end of this section.

TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

		Revenues and other credits		Expenses and other debits		
	April 1/2011	External transactions	Internal transactions	External transactions	Internal transactions	March 31/2012
	$	$	$	$	$	$
Insurance accounts—						
Agriculture and Agri-Food—						
Crop Reinsurance Fund	449,245,942	34,557,565		377,363	27,620,000	455,806,144
Less: interest-bearing loans	359,994,751				27,620,000	332,374,751
	89,251,191	*34,557,565*		*377,363*		*123,431,393*
Agricultural Commodities Stabilization Accounts	646,510					646,510
	89,897,701	*34,557,565*		*377,363*		*124,077,903*
Finance—						
Investors' Indemnity Account	45,303					45,303
Health—						
Health Insurance Supplementary Account	28,386					28,386
Human Resources and Skills Development—						
Employment Insurance Operating Account, Table 4.7	(7,397,394,521)	18,628,329,178	499,926,257	17,971,871,079	1,707,140,671	(7,948,150,836)
Natural Resources—						
Canadian Nuclear Safety Commission—						
Nuclear Liability Reinsurance Account	2,521,926	287,328				2,809,254
Transport—						
Ship-Source Oil Pollution Fund	392,525,017	35,065	6,671,042	2,411,550	1,025,883	395,793,691
Total insurance accounts	(6,912,376,188)	18,663,209,136	506,597,299	17,974,659,992	1,708,166,554	(7,425,396,299)

TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

		Revenues and other credits		Expenses and other debits		
	April 1/2011	External transactions	Internal transactions	External transactions	Internal transactions	March 31/2012
	$	$	$	$	$	$
Other consolidated specified purpose accounts—						
Canadian Heritage—						
National Battlefields Commission—						
Trust Fund	732,918	3,000	5,277	1,144	88,554	651,497
Environment—						
Environmental Damages Fund	2,364,358	702,235	54,403	441,687		2,679,309
Court Award Deposits—						
Other than Environmental Damages Fund		368,036				368,036
Parks Canada Agency—						
New Parks and Historic Sites Account	18,680,307	908,662		710,864	7,517,981	11,360,124
	21,044,665	*1,978,933*	*54,403*	*1,152,551*	*7,517,981*	*14,407,469*
Finance—						
Canadian Commercial Bank and Northland Bank Holdback Account	246,223,464					246,223,464
Fisheries and Oceans—						
Supplementary Fish Fines Account	1,092,344	586,284		125,405		1,553,223
Indian Affairs and Northern Development—						
Environmental Studies Research Fund	2,172,368		2,026,142		2,172,368	2,026,142
Cleanup costs for environmental damage caused by Bowater		2,597,250				2,597,250
	2,172,368	*2,597,250*	*2,026,142*		*2,172,368*	*4,623,392*
Natural Resources—						
Environmental Studies Research Fund	3,381,299	92,262		441,298	228,062	2,804,201
Public Works and Government Services—						
Seized Property Proceeds Account	35,003,760	28,685,431		30,919,172		32,770,019
Transport—						
Fines for the Transportation of Dangerous Goods	658,856				32,800	626,056
Total other consolidated specified purpose accounts	310,309,674	33,943,160	2,085,822	32,639,570	10,039,765	303,659,321
Endowment principal—						
Environment—						
Parks Canada Agency—						
Mackenzie King trust account	225,000					225,000
Health—						
Canadian Institutes of Health Research—						
Endowments for Health Research	140,267					140,267
Industry—						
National Research Council of Canada—						
H.L. Holmes Fund	4,630,633	93,159				4,723,792
Social Sciences and Humanities Research Council—						
Queen's Fellowship Fund	250,000					250,000
	4,880,633	*93,159*				*4,973,792*
Total endowment principal	5,245,900	93,159				5,339,059
Total	(6,596,820,614)	18,697,245,455	508,683,121	18,007,299,562	1,718,206,319	(7,116,397,919)

Insurance Accounts

For the following Insurance Accounts, revenues and other credits from outside parties totalled $18,663 million ($17,596 million in 2011) while expenses and other debits to outside parties totalled $17,975 million ($20,095 million in 2011) and are reported as expenses in the Statement of Operations.

Revenues and other credits of $507 million ($1,798 million in 2011) and expenses and other debits of $1,708 million ($1,720 million in 2011) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero percent.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of $25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to $50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Employment Insurance Operating Account

The *Employment Insurance Act* provides for a compulsory contributory employment insurance program applicable to all employees and employers, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the "Employment Insurance Operating Account".

The Act provides that the following be credited to the Account: *(a)* premiums, penalties and interest; *(b)* refunds of overpayments of benefits and support measures under Part II of the Act; *(c)* repayments of overpayments made by the Commission under the Labour Market Development Agreements; *(d)* amounts for services rendered to other Government departments or agencies, or to the public; and, *(e)* amounts provided for any purpose related to employment insurance and authorized by an appropriation administered by the Canada Employment Insurance Commission.

The Act also provides that the following be charged to the Account: *(a)* benefits, support measures and financial assistance provided under Part II of the Act; *(b)* contributions to provinces under the Labour Market Development Agreements; and, *(c)* costs of administering the Act including administration costs transferred to provinces and costs to the Canada Employment Insurance Financing Board.

Employee premium rate for each $100 of insurable earnings was $1.78 from January 1, 2011 to December 31, 2011 for employees without a Provincial Parental Insurance Plan and $1.41 for the others. From January 1, 2012 to March 31, 2012, the rate was $1.83 for employees without a Provincial Parental Insurance Plan and $1.47 for the others.

Table 4.7 presents a statement of the transactions in the Employment Insurance Operating Account.

TABLE 4.7

TRANSACTIONS IN THE EMPLOYMENT INSURANCE OPERATING ACCOUNT

(in millions of dollars)

	2011-2012	2010-2011
REVENUE		
Premiums—		
Employers and employees[1]	18,938	17,862
Penalties and interest revenue	72	58
	19,010	17,920
EXPENSES		
Benefits	15,720	17,401
Transfers to the provinces—		
Part II	1,928	2,449
Administration costs	1,702	1,715
Administration cost transferred to provinces	206	202
Interest reversed		
Bad debts	123	42
	19,679	21,809
Net change before funding from the Government of Canada	(669)	(3,889)
FUNDING FROM THE GOVERNMENT OF CANADA		
Benefit enhancement measures—		
Budget 2009	118	1,428
Net change	(551)	(2,461)
Balance at beginning of year	(7,397)	(4,936)
Balance at end of year	(7,948)	(7,397)

[1] The difference between premium revenue presented here and the amount presented in the Government of Canada consolidated financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of $382 million ($361 million in 2011).

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Ship-Source Oil Pollution Fund

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other Consolidated Specified Purpose Accounts

For the following Other Specified Purpose Accounts, revenues and other credits from outside parties of $34 million ($31 million in 2011) are reported while expenses and other debits to outside parties of $33 million ($56 million in 2011) are reported in the Statement of Operations.

Revenues and other credits of $2 million ($2 million in 2011), and expenses and other debits of $10 million ($6 million in 2011) internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada for damages to the environment.

Court Award Deposits—Other than Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to Environment Canada that are not under the legal authority of the Environmental Damages Fund.

New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* to record payments to be used to acquire lands or property required to establish any national park, national historic site or other protected heritage area that has not yet attained full operation status, and to make any related contributions.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During the fiscal year, no claims have been received for potential payments from the holdback.

Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, and fined by courts under paragraph 79(2) (f) of the Act.

Environmental Studies Research Fund—Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Cleanup costs for environmental damage caused by Bowater

This account was established pursuant to a decision of the Commercial Division of the Superior Court in the Province of Quebec. The balance in the account is to be used to finance the remediation of environmental damage caused by Bowater Canadian Forest Products Inc. relative to a land lease issued by the Department of Indian Affairs and Northern Development.

Environmental Studies Research Fund—Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Seized Property Proceeds Account

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

Fines for the Transportation of Dangerous Goods

This account was established, pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations, to record fines levied by courts.

Endowment Principal

For the following Endowment Principal Accounts, revenues and other credits from outside parties of $93,000 ($116,000 in 2011) are reported in the Statement of Operations and Accumulated Deficit.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for Health Research

This account was established by section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

SUPPLEMENTARY STATEMENT

Employment Insurance Operating Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Employment Insurance Operating Account have been prepared in accordance with Canadian public sector accounting standards, by the management of the Canada Employment Insurance Commission.

Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

In support of its responsibility, management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of the financial information, and to ensure that the transactions are in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Employment Insurance Operating Account's external auditor, the Auditor General of Canada, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Human Resources and Skills Development.

The financial statements of the Employment Insurance Operating Account are an integral part of the *Public Accounts of Canada*, which are tabled in Parliament and referred to the Standing Committee on Public Accounts for examination purposes.

IAN SHUGART
Chairperson of the Canada
Employment Insurance Commission

ALAIN P. SÉGUIN, MBA, CPA, CGA
Chief Financial Officer
Human Resources and Skills
Development Canada

Gatineau, Canada
August 29, 2012

Employment Insurance Operating Account
—Continued

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND
SKILLS DEVELOPMENT

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2012, and the statement of operations and accumulated deficit, statement of change in net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Employment Insurance Operating Account as at 31 March 2012, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael Ferguson, FCA
Auditor General of Canada

29 August 2012
Ottawa, Canada

Employment Insurance Operating Account
—Continued

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in thousands of dollars)

	2012	2011
Financial assets		
Premiums receivable	1,345,019	1,241,951
Due from claimants (Note 3)	555,005	600,641
Amounts receivable from Canada—Benefit enhancement measures—Budget 2009 (Note 9)	291,648	173,929
	2,191,672	2,016,521
Liabilities		
Balance with Receiver General for Canada	9,401,021	8,711,867
Unredeemed warrants (Note 4)	53,799	100,515
Benefits payable	596,566	561,355
Amounts payable (Note 5)	88,496	40,201
	10,139,882	9,413,938
Net debt	(7,948,210)	(7,397,417)
Non-financial assets		
Advances—Employment benefits and support measures	59	22
Accumulated deficit	(7,948,151)	(7,397,395)

Contingent liabilities (Note 13)

The accompanying notes and schedules are an integral part of these financial statements.

Approved by:

IAN SHUGART
Chairperson of the Canada
Employment Insurance Commission

ALAIN P. SÉGUIN, MBA, CPA, CGA
Chief Financial Officer
Human Resources and Skills
Development Canada

Employment Insurance Operating Account
—Continued

STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2012	2012	2011
	Budget (Note 7)	Actual	Actual
Revenues			
Premiums (Note 8)	19,403,000	18,938,288	17,861,609
Penalties (Note 3)	42,000	49,683	45,938
Interest on overdue accounts receivable (Note 3)	20,000	20,897	11,130
	19,465,000	19,008,868	17,918,677
Expenses			
Benefits and support measures (Note 10 and Schedule I)	19,152,000	17,647,651	19,850,296
Administration costs (Note 11)	1,724,000	1,906,773	1,916,129
Bad debts	48,000	122,919	41,854
	20,924,000	19,677,343	21,808,279
Net deficit for the year before funding from the Government of Canada	(1,459,000)	(668,475)	(3,889,602)
Funding from the Government of Canada			
Benefit enhancement measures—Budget 2009 (Note 9)	231,000	117,719	1,427,915
Net deficit for the year	(1,228,000)	(550,756)	(2,461,687)
Accumulated deficit at the beginning of the year	(7,397,395)	(7,397,395)	(4,935,708)
Accumulated deficit at the end of the year	(8,625,395)	(7,948,151)	(7,397,395)

The accompanying notes and schedules are an integral part of these financial statements.

STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2012	2012	2011
	Budget (Note 7)	Actual	Actual
Net deficit for the year	(1,228,000)	(550,756)	(2,461,687)
Change due to advances—Employment benefits and support measures		(37)	61
Increase in net debt	(1,228,000)	(550,793)	(2,461,626)
Net debt at beginning of year	(7,397,417)	(7,397,417)	(4,935,791)
Net debt at end of year	(8,625,417)	(7,948,210)	(7,397,417)

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account
—Continued

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2012	2011
Operating activities		
Cash receipts:		
Premiums	18,835,220	17,933,616
Recoveries of benefit overpayments and penalties	311,130	334,944
Benefit repayments received from higher income claimants	208,747	199,894
Funding from the Government of Canada		
Benefit enhancement measures—Budget 2009		2,900,000
	19,355,097	21,368,454
Cash payments:		
Benefits and support measures	(18,141,096)	(20,379,575)
Administration costs	(1,856,439)	(1,932,075)
	(19,997,535)	(22,311,650)
Net decrease in cash and cash equivalents	(642,438)	(943,196)
Cash and cash equivalents		
Beginning of year	(8,812,382)	(7,869,186)
End of year	(9,454,820)	(8,812,382)
Cash and cash equivalents at the end of the year are represented by		
Balance with Receiver General for Canada	(9,401,021)	(8,711,867)
Unredeemed warrants	(53,799)	(100,515)
	(9,454,820)	(8,812,382)

The accompanying notes and schedules are an integral part of these financial statements.

Employment Insurance Operating Account
—Continued

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

1. Authority, objective and responsibilities

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by the Government, workers and employers. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account.

The Employment Insurance Operating Account (the Account) was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Government of Canada to enter into Labour Market Development Agreements with each province and territory on the design and delivery of the active employment benefits and support measures contained in the Act. Agreements with full responsibility to the provinces and territories for delivering the active employment benefits and support measures have been implemented with all provinces and territories.

The Act also authorizes the Government of Canada to enter into a premium reduction agreement with a province, to allow for a regulatory scheme to make the necessary adjustments and modifications to the Act. This is required to harmonize it with a provincial law that has the effect of reducing or eliminating the special benefits payable under the Act.

Canada Employment Insurance Financing Board

The Canada Employment Insurance Financing Board (the Board) is a Crown corporation established by the *Canada Employment Insurance Financing Board Act* in June 2008. The Board reports to Parliament through the Minister of Human Resources and Skills Development. The Board became operational during the fiscal year 2009-2010.

The Board was created to improve the governance and management of Employment Insurance financing. Starting in 2011, the Board has been responsible for setting the Employment Insurance premium rate based on a new rate-setting mechanism. This mechanism is designed to ensure that Employment Insurance revenues and expenditures break even over time. The information provided in Schedule II for calendar year 2011, prepared in accordance with Canadian public sector accounting standards, will be used by the Board in establishing the premium rate. The Board is also responsible for maintaining a reserve and to manage any amounts paid to it under the *Employment Insurance Act* for future Employment Insurance purposes. The Board is also required to invest its financial assets with a view to meeting its financial obligations.

Human Resources and Skills Development Canada continues to have policy responsibility for Employment Insurance benefits as well as responsibility for program delivery to ensure that the Employment Insurance program is responsive to the needs of Canadians and that it is delivered efficiently and effectively.

2. Significant accounting policies

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada. The financial statements of the Account are also presented in Volume I of the *Public Accounts of Canada*.

(a) Basis of accounting

The financial statements are prepared in accordance with Canadian public sector accounting standards.

(b) Revenue—Premiums

Premiums are recognized as revenue in the period in which they are earned. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not assessed based on cash received. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

(c) Funding from the Government of Canada—
Benefit enhancement measures

The funding associated with the benefit enhancement measures included in the Budget 2009 is recognized in the period in which the benefit expenditures are incurred.

Employment Insurance Operating Account
—Continued

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

(d) Expenses—Benefits and support measures

Income benefits (or benefits under Part I of the Act) provide temporary income support to claimants, including self-employed fishers, while they look for work. This includes work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefits represent the amounts paid and payable to claimants for the period relating to the financial year, less benefit overpayments established by the Commission during the year.

Employment benefits and support measures (or benefits under Part II of the Act) provide financial assistance, namely contributions, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement. Overpayments established during the year are deducted from these expenses. Part II expenses also include the transfer payments to the provinces and territories under the Labour Market Development Agreements, pursuant to section 63 of the Act. Similar to the employment benefits and support measures, these transfer payments are recorded as expenditures in the year in which the province / territory met the eligibility criteria. Overpayments from provinces and territories are recovered the following fiscal year.

Claimants with higher income levels than those stated in the Act have to repay benefits received. Estimated benefit repayments received or receivable from those claimants are deducted from benefits and support measures.

(e) Administration costs

The administration costs of the Act are based on a formula allocating the expenses between the Department of Human Resources and Skills Development and the Account. The expense allocation formula takes into consideration the source of funding, from the Account or from the Consolidated Revenue Fund. In addition, the administration costs incurred by the provinces and the territories to administer the Labour Market Development Agreements are included in the administration costs for the year based on provisions in the agreements.

(f) Cash and cash equivalents

Cash and cash equivalents consist of the balance with Receiver General for Canada and unredeemed warrants.

The Account operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by and credited to the Account is deposited to the CRF, and all cash disbursements made by and charged to the Account are paid from the CRF. The balance with Receiver General for Canada is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government.

(g) Advances–Employment benefits and support measures

Advances for employment benefits and support measures are recorded as a non-financial asset on the statement of financial position and are charged to expenses upon utilization.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenue and expenses during the reporting period. The most significant estimates are related to premiums, administration costs, benefit repayments, allowance for doubtful accounts, benefit enhancement measures relating to work-sharing, estimated overpayments and underpayments of benefits disclosed in note 10, contingent liabilities and the amounts presented in Schedule II. Actual results could differ significantly from these estimates.

(i) Canada Employment Insurance Financing Board

The financial statements of the Employment Insurance Operating Account do not include the operations of the Canada Employment Insurance Financing Board. However, as per section 77(1) of the *Employment Insurance Act*, the costs to the Board of administering the *Canada Employment Insurance Financing Board Act* are paid out of the Consolidated Revenue Fund and charged to the Account. These charges are included in the administration costs of the Account.

Employment Insurance Operating Account
—Continued

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

3. Due from claimants

	2012	2011
	(in thousands of dollars)	
Benefit overpayments receivable	523,051	527,596
Amount of penalties receivable	138,711	141,542
	661,762	669,138
Less: allowance for doubtful accounts	432,269	371,626
	229,493	297,512
Estimated benefit repayments receivable from higher income claimants	325,512	303,129
	555,005	600,641

The Commission detects overpayments on claims processed during the current and preceding years. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established. During the year, overpayments totalling $295 million were established ($333 million in 2010-2011). Interest charges on overpayments totalled $15 million ($8 million in 2010-2011).

The Commission may impose penalties on a claimant or an employer when it becomes aware that information they have provided is false or misleading. The Act sets the maximum amounts that may be imposed in these cases. During the year, the Commission imposed penalties totalling $50 million ($46 million in 2010-2011). Interest charges on penalties totalled $6 million ($3 million in 2010-2011).

During 2011-2012, the Commission recovered $271 million ($298 million in 2010-2011) of benefit overpayments and $40 million ($37 million in 2010-2011) of penalties. Uncollectible benefit overpayments and penalties written off during the year amounted to $62 million ($29 million in 2010-2011).

The Commission establishes an allowance for doubtful accounts by aging the balance of the accounts receivable outstanding and by applying varying percentages based on past recovery experience to the aging categories so determined.

In accordance with Treasury Board regulations, the Account charges interest on outstanding employment insurance debts caused through misrepresentation.

4. Unredeemed Warrants

All amounts paid as or on account of benefits under the Act are paid by special warrants drawn on the Receiver General and issued by the Commission by electronic means or bearing the printed signature of the Chairperson and Vice-Chairperson of the Commission. The amount of unredeemed warrants reported in the statement of financial position, represents the warrants issued that are still outstanding at the end of the fiscal year.

5. Amounts payable

	2012	2011
	(in thousands of dollars)	
To Canada		
Administration costs	66,776	24,711
Tax deductions from warrants	4,937	5,597
Recoupments from warrants	446	1,752
Amounts payable related to Labour Market Development Agreements	5,608	3,256
	77,767	35,316
To provinces		
Recoupments from warrants	1,424	1,365
Quebec tax deductions from warrants	852	984
Amounts payable related to Labour Market Development Agreements	8,453	2,536
	10,729	4,885
	88,496	40,201

6. Financial instruments

Fair value

The fair values of the balance with Receiver General for Canada, premiums receivable, due from claimants, amounts receivable, unredeemed warrants, benefits payable and amounts payable are considered by management to be comparable to their carrying values due to their short term to maturity. All of these financial instruments arose in the normal course of business.

7. Comparison of results against budget

The budget amounts included in the Statement of Operations and Accumulated Deficit and the Statement of Change in Net Debt are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada Report on Plans and Priorities for 2011-2012, tabled in Parliament in June 2011.

Employment Insurance Operating Account
—Continued

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

8. Premiums

Premiums for the fiscal year are measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed. The estimate of premiums earned but not yet assessed or reassessed is based on cash amounts received at the time of preparation of the financial statements that relate to the fiscal year. Actual premiums may differ from these estimates.

Actual premium revenue for calendar years 2011 and 2012 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known.

Employers with qualified wage loss insurance plans are entitled to premium reductions. They are required to share this reduction with their employees. For the calendar year 2011, the total amount of reductions is estimated at $873 million ($863 million in 2010). Actual reductions for the calendar year 2010 were $859 million ($839 million in 2009). Employees insured under a qualified wage loss insurance plan are entitled to allowances because of illness, injury, pregnancy or child care, depending on the plan. These allowances have the effect of reducing the special benefits payable by the Account to the insured persons.

The premium rate for the calendar year 2010 was set by the Government as per section 66(1.1) of the Act. For the calendar years 2011 and 2012, the premium rates were set by the Canada Employment Insurance Financing Board under section 66 of the *Employment Insurance Act*. Pursuant to section 66(8) of the Act, the Governor in Council, considering that it was in the public interest to do so, on the recommendation of the Minister of Human Resources and Skills Development and the Minister of Finance, changed the maximum percentage referred to in section 66(7) of the Act by which the premium rate may be increased or decreased from one year to the next. For 2011 and 2012, the premium rates could not be increased by more than $0.05 per $100 of insurable earnings.

For the following calendar years, premium rates for each $100 of insurable earnings were set at:

	2012	2011	2010
	(in dollars)		
Residents of provinces without a Provincial Plan			
For employees	1.83	1.78	1.73
For employers (calculated at 1.4 times the employee rate)	2.56	2.49	2.42
Residents of provinces with a Provincial Plan			
For employees	1.47	1.41	1.36
For employers (calculated at 1.4 times the employee rate)	2.06	1.97	1.90

The annual maximum insurable earnings for 2012 is $45,900 ($44,200 in 2011 and $43,200 in 2010).

9. Benefit enhancement measures—Budget 2009

	2012	2011
	(in thousands of dollars)	
Increase in regular benefits duration—Extra five weeks	115,966	796,053
Employment Insurance Training Programs—Labour Market Development Agreements increased funding	(22,478)	500,000
Work-sharing		48,967
New measures for long-tenured workers—Career transition assistance	24,231	82,895
	117,719	1,427,915

The Budget 2009 included various temporary measures to support Canadian workers affected by the global economic downturn. The increase in the Regular Benefits Duration measure was implemented in March 2009. The other types of measures were implemented and began being paid to eligible claimants in 2009-2010. The cost of these enhancement measures is not funded from the Account. Pursuant to section 73.1 of the Act, an amount of $2.9 billion has been recovered from the Government of Canada in August 2010. Over-contributions from increased Labour Market Development Agreements funding for 2009-2010 and 2010-2011 were recovered from the provinces and territories during 2011-2012.

Employment Insurance Operating Account
—Continued

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012—*Concluded*

10. Estimated overpayments and underpayments of benefits

Given the large volume of claims and the need for prompt service, the Commission applies a risk-based approach to its control procedures. The verification of claims is conducted both prior to and after claimants have begun to receive benefits, using a dynamic combination of up-front and automated control measures and post-payment verification activities.

In order to measure the accuracy of the benefit payment process, the Commission has a program in place which establishes an annual payment accuracy rate and estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during the twelve months ended March 31, 2012, these undetected overpayments and underpayments are estimated to be $578 million and $195 million respectively ($850 million and $219 million for the twelve months ended March 31, 2011). The annual payment accuracy rate (which in comprised of three error sources: claimant, employer and administrative) and estimated value of errors are used by the Commission to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 3, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

11. Administration costs

	2012	2011
	(in thousands of dollars)	
Personnel related costs	1,125,611	1,101,290
Operations and maintenance	246,403	285,824
Administration costs incurred by provinces and territories under the Labour Market Development Agreements	205,856	203,240
Canada Revenue Agency administrative costs	201,591	195,713
Accommodation and rental costs	133,536	136,221
Canada Employment Insurance Financing Board	1,733	1,649
	1,914,730	1,923,937
Deduct: recovery of costs for maintaining the social insurance number registry and issuing replacement cards	(7,957)	(7,808)
	1,906,773	1,916,129

12. Related party transactions

The Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of operations under the same terms and conditions that apply to unrelated parties. The transactions are measured at the exchange amount.

Related party transactions disclosed in these financial statements include administration costs of $134 million ($136 million in 2010-2011) charged by Public Works and Government Services Canada for accommodation and rental costs, and $202 million ($196 million in 2010-2011) by the Canada Revenue Agency for collecting premiums from employers and employees and other related activities. These costs are charged to the Account based on memoranda of understanding with the Department of Human Resources and Skills Development.

Employment Insurance premiums include the employer's share of premiums paid by the federal government of $382 million ($361 million in 2010-2011).

13. Contingent liabilities

In the normal course of the operations of the Account, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account.

During 2011-2012, two Quebec Unions filed a claim with the Quebec Superior Court against Her Majesty the Queen contesting the constitutional validity of certain provisions of the *Jobs and Economic Growth Act* enacted in 2010 relating to amendments to the *Employment Insurance Act*. The Quebec Superior Court has dismissed the claim and the Unions appealed that decision to the Quebec Court of Appeal. The hearing is scheduled for the fall. The outcome of this claim is not determinable at this time.

Employment Insurance Operating Account
—Continued

SCHEDULE I—BENEFITS AND SUPPORT MEASURES
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2012 Budget (Note 7)	2012 Actual	2011 Actual
Part I—Income benefits			
Regular	12,488,000	11,220,832	12,958,942
Fishing	261,000	266,102	254,463
Work-sharing	43,000	33,501	107,941
	12,792,000	11,520,435	13,321,346
Special benefits			
Parental	2,340,000	2,195,160	2,148,233
Sickness	1,098,000	1,106,565	1,050,969
Maternity	975,000	936,616	910,823
Adoption		21,059	21,982
Compassionate care	11,000	10,898	10,910
Self-employment		6,384	696
	4,424,000	4,276,682	4,143,613
	17,216,000	15,797,117	17,464,959
Part II—Employment benefits and support measures			
Employment benefits		(732)	(1,425)
Support measures			
Labour market partnerships		148,444	152,948
Research and innovation		6,320	5,077
	172,000	154,032	156,600
Transfer payments to provinces and territories related to Labour Market Development Agreements	1,950,000	1,927,632	2,448,801
	2,122,000	2,081,664	2,605,401
Benefits and support measures	19,338,000	17,878,781	20,070,360
Less: benefit repayments received or receivable from higher income claimants	186,000	231,130	220,064
	19,152,000	17,647,651	19,850,296

Benefit rates—Income benefits

From January to December 2011, benefits paid represent the lesser of 55 percent of average insurable earnings or $468 per week ($457 per week in 2010). In January 2012, the maximum payment was increased to $485 per week. The benefit rate can be increased to a maximum of the lesser of 80 percent of average insurable earnings or $485 per week as of January 1st, 2012 ($468 per week in 2011 and $457 per week in 2010) for claimants who are in a low-income family with children.

Employment Insurance Operating Account

—Concluded

SCHEDULE II—STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT FOR THE PERIOD OF JANUARY 1ST TO DECEMBER 31ST

(in thousands of dollars)

	2011	2010
Revenues		
Premiums	18,547,520	17,395,131
Penalties	52,084	47,262
interest on overdue accounts receivable	11,276	15,104
	18,610,880	17,457,497
Expenses		
Benefits and support measures	16,078,776	17,789,048
Transfer to provinces and territories related to Labour Market Development Agreements	2,090,723	2,410,711
Administration costs	1,783,173	1,671,326
Administration costs transferred to provinces and territories	207,116	196,634
Bad debts	102,653	43,886
	20,262,441	22,111,605
Net deficit for the period before funding from the Government of Canada	(1,651,561)	(4,654,108)
Funding from the Government of Canada—Benefit enhancement measures—Budget 2009	420,715	1,581,538
Net deficit for the period	(1,230,846)	(3,072,570)
Accumulated deficit at the beginning of the period	(7,927,590)	(4,855,020)
Accumulated deficit at the end of the period	(9,158,436)	(7,927,590)

SECTION 5

2011-2012

PUBLIC ACCOUNTS OF CANADA

Accounts Payable and Accrued Liabilities

CONTENTS

Page

Other accounts payable and accrued liabilities 5.3
Taxes payable 5.11
Environmental liabilities 5.12
Interest and matured debt 5.13
Allowance for guarantees 5.14

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Accounts Payable and Accrued Liabilities". The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Table 5.1 presents the year-end balances of accounts payable and accrued liabilities by category. Chart 5A presents accounts payable and accrued liabilities by category at March 31.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

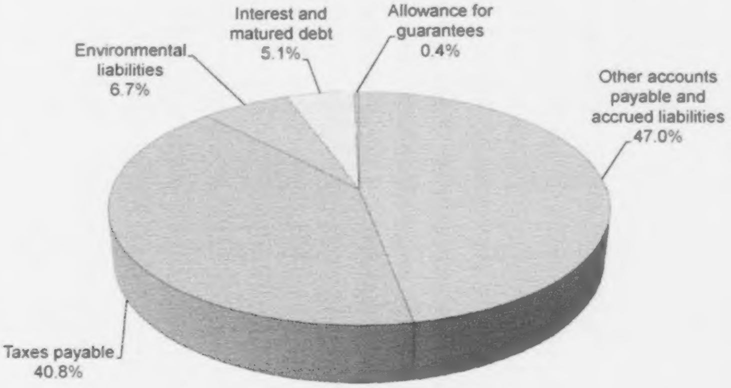
TABLE 5.1

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31/2012	March 31/2011
	$	$
Other accounts payable and accrued liabilities, Table 5.2	58,803,757,192	55,342,004,180
Taxes payable, Table 5.6	50,952,134,610	48,647,835,201
Environmental liabilities, Table 5.7	8,361,624,144	7,745,019,419
Interest and matured debt, Table 5.9	6,378,969,633	6,732,802,327
Allowance for guarantees	505,975,402	591,319,081
Total	125,002,460,981	119,058,980,208

CHART 5A

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES BY CATEGORY AT MARCH 31, 2012



Other Accounts Payable and Accrued Liabilities

Other accounts payable and accrued liabilities includes accounts payable, accrued salaries and benefits, notes payable to international organizations, the provincial, territorial and Aboriginal tax agreements account, miscellaneous paylist deductions, other accounts and deferred revenues.

Table 5.2 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

TABLE 5.2

OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31/2012	March 31/2011
	$	$
Accounts payable	38,387,645,539	38,373,750,653
Add: consolidation adjustment[1]	2,832,437,390	2,667,205,061
	41,220,082,929	*41,040,955,714*
Accrued salaries and benefits	3,225,668,693	2,049,563,074
Notes payable to international organizations, Table 5.3	471,283,025	413,184,396
Provincial, territorial and Aboriginal tax agreements account, Table 5.4	9,310,026,971	6,622,137,901
Miscellaneous paylist deductions	14,895,945	42,127,127
Other	668,839,290	661,752,908
Deferred revenues, Table 5.5	3,892,960,339	4,512,283,060
Total	58,803,757,192	55,342,004,180

(1) Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retro-active salaries.

Notes payable to international organizations

Share capital subscriptions, loans and advances are made to international organizations using cash and/or notes payable that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.13 (Section 9 of this volume).

Table 5.3 presents the balances and transactions for the individual notes.

TABLE 5.3

NOTES PAYABLE TO INTERNATIONAL ORGANIZATIONS

		Receipts and other credits		Payments and other charges		
	April 1/2011	Note issuances	Revaluation[1]	Note encashment	Revaluation[1]	March 31/2012
	$	$	$	$	$	$
Finance—						
International Bank for Reconstruction and Development (World Bank)	23,253,792		669,123			23,922,915
International Development Association	384,280,000	441,620,000		384,280,000		441,620,000
Multilateral Investment Guarantee Agency	3,110,604	89,506				3,200,110
	410,644,396	*441,709,506*	*669,123*	*384,280,000*		*468,743,025*
Foreign Affairs and International Trade—						
Canadian International Development Agency—						
International financial institutions—						
African Development Fund						
Asian Development Bank						
Asian Development Fund						
Caribbean Development Bank—Special						
Global Environment Facility Trust Fund	2,540,000					2,540,000
Inter-American Development Bank—Fund for Special Operations						
International Fund for Agriculture Development						
Montreal Protocol Multilateral Fund						
Multilateral Investment Fund						
	2,540,000					*2,540,000*
Total	413,184,396	441,709,506	669,123	384,280,000		471,283,025

[1] Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rate of exchange.

Provincial, territorial and Aboriginal tax agreements account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and Aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal Provincial Fiscal Arrangements Act* and, in the case of First Nations Goods and Services Tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer individual income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to pay amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain Aboriginal governments, to collect First Nation Personal Income Tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal Goods and Services Tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada, as represented by the Minister of Finance, has entered into with the provinces of British Columbia, Ontario, New Brunswick, Nova Scotia and Newfoundland and Labrador regarding the harmonized sales tax, and payments made to the provinces in accordance with the agreements.

The *Public Accounts of Canada* reports information on an April to March fiscal year basis, while tax information is calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years. Table 5.4 presents the accumulated balances and the net position of the revenues and the payments made to the provinces and territories for personal and corporate taxes as well as for First Nations Sales Tax, First Nations Goods and Services Tax, First Nation Personal Income Tax and Harmonized Sales Tax.

TABLE 5.4

PROVINCIAL, TERRITORIAL AND ABORIGINAL TAX AGREEMENTS ACCOUNT

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Total Personal Income Tax administered by Canada Revenue Agency	354,788,313	52,990,558,703		53,345,347,016
Less: payments to provinces and territories—				
Newfoundland and Labrador			1,012,227,940	1,012,227,940
Prince Edward Island			283,128,034	283,128,034
Nova Scotia			2,023,197,824	2,023,197,824
New Brunswick			1,262,306,343	1,262,306,343
Ontario			25,664,397,203	25,664,397,203
Manitoba			2,556,551,817	2,556,551,817
Saskatchewan			1,950,916,171	1,950,916,171
Alberta			8,388,455,538	8,388,455,538
British Columbia			6,328,202,158	6,328,202,158
Yukon			61,564,450	61,564,450
Northwest Territories			73,741,350	73,741,350
Nunavut			26,988,912	26,988,912
First Nations			13,631,901	13,631,901
			49,645,309,641	*49,645,309,641*
Total personal income tax on hand	**354,788,313**	**52,990,558,703**	**49,645,309,641**	**3,700,037,375**

TABLE 5.4

PROVINCIAL, TERRITORIAL AND ABORIGINAL TAX AGREEMENTS ACCOUNT—*Concluded*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Total Corporate Income Tax administered by Canada Revenue Agency	5,777,856,511	13,323,379,287		19,101,235,798
Less: payments to provinces and territories—				
Newfoundland and Labrador			465,820,342	465,820,342
Prince Edward Island			41,304,299	41,304,299
Nova Scotia			427,301,003	427,301,003
New Brunswick			228,605,876	228,605,876
Ontario			8,747,205,509	8,747,205,509
Quebec			54,534,109	54,534,109
Manitoba			423,240,997	423,240,997
Saskatchewan			798,576,469	798,576,469
Alberta			41,717,053	41,717,053
British Columbia			1,653,886,927	1,653,886,927
Yukon			20,602,141	20,602,141
Northwest Territories			(8,340,052)	(8,340,052)
Nunavut			7,474,551	7,474,551
			12,901,929,224	*12,901,929,224*
Total corporate income tax on hand	**5,777,856,511**	**13,323,379,287**	**12,901,929,224**	**6,199,306,574**
Total Harmonized Sales Tax administered by Canada Revenue Agency	489,494,479	28,233,043,686		28,722,538,165
Less: payments to provinces and territories—				
Newfoundland and Labrador			908,603,038	908,603,038
Nova Scotia			1,771,704,479	1,771,704,479
New Brunswick			1,178,204,465	1,178,204,465
Ontario			19,366,140,471	19,366,140,471
British Columbia			6,087,202,690	6,087,202,690
			29,311,855,143	*29,311,855,143*
Total harmonized sales tax on hand	**489,494,479**	**28,233,043,686**	**29,311,855,143**	**(589,316,978)**
Total First Nations Sales Tax administered by Canada Revenue Agency	(1,402)	3,962,999		3,961,597
Less: payments to First Nations			3,961,597	3,961,597
Total First Nations Sales Tax on hand	**(1,402)**	**3,962,999**	**3,961,597**	
Total First Nations Goods and Services Sales Tax administered by Canada Revenue Agency		11,079,438		11,079,438
Less: payments to First Nations			11,079,438	11,079,438
Total First Nations Goods and Services Sales Tax on hand		**11,079,438**	**11,079,438**	
Total	6,622,137,901	94,562,024,113	91,874,135,043	9,310,026,971

Miscellaneous paylist deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Deferred Revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years and also presents separately revenues received which have been recorded in a specified purpose account.

Table 5.5 presents the balances and transactions of deferred revenues.

TABLE 5.5
DEFERRED REVENUES

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Deferred revenues—				
Citizenship and Immigration—				
Service fees for immigration and citizenship	398,146,341	339,264,531	480,234,947	257,175,925
Industry—				
Spectrum licence fees and other fees	3,770,510,656	413,990,295	902,263,127	3,282,237,824
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Provincial arrangement on capital assets	121,546,902	15,462,248		137,009,150
Other departments	167,534,355	206,786,269	192,629,844	181,690,780
Total	4,457,738,254	975,503,343	1,575,127,918	3,858,113,679
Other deferred revenues—Specified purpose accounts—				
Donation and bequest accounts—				
Agriculture and Agri-Food—				
Shared-cost agreements—Research	11,600,563	5,868,997	4,367,937	13,101,623
Canadian Heritage—				
Library and Archives of Canada—				
Special operating account	653,164	471,913	431,181	693,896
Environment—				
Endangered species—Donations	144,695	659		145,354
Miscellaneous projects deposits	5,815,745	2,319,344	2,308,578	5,826,511
	5,960,440	*2,320,003*	*2,308,578*	*5,971,865*
Parks Canada Agency—				
Pacific Rim Mitigation Fund	1,625,000		125,000	1,500,000
	7,585,440	*2,320,003*	*2,433,578*	*7,471,865*
Fisheries and Oceans—				
Restricted donations	23,049		5,798	17,251
Governor General—				
Donations—Rideau Hall	16,787	123,500		140,287
Shared-cost agreements—Awards	1,500			1,500
	18,287	*123,500*		*141,787*
Health—				
Canadian Institutes of Health Research—				
Donations for research	7,572,736	13,523,641	14,754,879	6,341,498
Human Resources and Skills Development—				
Canadian Centre for Occupational Health and Safety—				
Donations	97,807	1,500		99,307
Indian Affairs and Northern Development—				
Indian Residential Schools Truth and Reconciliation Commission—				
National Events—Donations	44,708	460,295	336,963	168,040
Industry—				
Prime Minister's Awards and other deposits	5,125,414	2,624,145	3,109,479	4,640,080
Canadian Space Agency—				
RADARSAT-2	8,596			8,596
RADARSAT-2—Data satellite		1,441,400	1,374,431	66,969
	8,596	*1,441,400*	*1,374,431*	*75,565*
National Research Council of Canada—				
Trust fund	19,005,047		19,005,047	
Natural Sciences and Engineering Research Council—				
Trust fund	250			250
Social Sciences and Humanities Research Council—				
Trust fund	383,314	1,921		385,235
	24,522,621	*4,067,466*	*23,488,957*	*5,101,130*
National Defence—				
Corporate sponsorships and donations	9,054	226,908	218,963	16,999

TABLE 5.5

DEFERRED REVENUES—*Concluded*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Mounted Police Foundation	342,597	85,030	86,113	341,514
Royal Canadian Mounted Police Pipe Band (NCR)	9,714			9,714
Sponsorship Agreement—Contributions	168,653			168,653
	520,964	*85,030*	*86,113*	*519,881*
Veterans Affairs—				
Restricted donations—				
Canadian Memorial	39,703		38,903	800
Wounded Warrior Fund	133,947	15,000	52,757	96,190
	173,650	*15,000*	*91,660*	*96,990*
Total—Donation and bequest accounts	52,822,043	27,164,253	46,216,029	33,770,267
Endowment interest accounts—				
Environment—				
Parks Canada Agency—				
Laurier House—Interest (Mackenzie King trust account)		6,345	6,345	
Health—				
Canadian Institutes of Health Research—				
Endowments for health research	8,583	536	1,500	7,619
Industry—				
National Research Council of Canada—				
H.L. Holmes Fund		115,307	115,307	
Social Sciences and Humanities Research Council—				
Queen's Fellowship Fund	108,255	2,941		111,196
	108,255	*118,248*	*115,307*	*111,196*
Transport—				
Shared-cost agreements—Transportation research and development	1,605,925	668,096	1,316,443	957,578
Total—Endowment interest accounts	1,722,763	793,225	1,439,595	1,076,393
Total—Other deferred revenues—Specified purpose accounts	54,544,806	27,957,478	47,655,624	34,846,660
Total—Deferred revenues	4,512,283,060	1,003,460,821	1,622,783,542	3,892,960,339

Service fees for immigration and citizenship

This account was established to record fees and rights derived from the *Citizenship Act* and Regulations and the *Immigration and Refugees Protection Act* and Regulations. Fees are deferred until the application is deemed processed, while rights (right of citizenship and right of permanent residence) are deferred until the right is granted.

Spectrum licence fees and other fees

This account was established to record, *(a)* funds received from Spectrum Auctions, which are recognized as revenues over the period of the licences; *(b)* funds received from Spectrum Licence Fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year; and, *(c)* funds received from other sources such as patents and trademarks examination and registration fees, Bankruptcy Trustee Licence Fees and Competition Bureau Pre-Merger Fees, which are recognized as revenue in the subsequent year.

Provincial arrangement on capital assets

This account was established to record capital assets received by the Royal Canadian Mounted Police pursuant to the provincial arrangement (contracts) on capital assets. The revenue is recognized on the same basis as the amortization of the corresponding capital asset.

Shared-cost agreements—Research

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by Agriculture and Agri-Food Canada as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Special operating account

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

Endangered species—Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

Miscellaneous projects deposits

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

Pacific Rim Mitigation Fund

This account was established to record funds received for the protection of lands within the Pacific Rim National Park Reserve of Canada. Funds so received are used to monitor community use impacts, carry out related research and implement required mitigation measures.

Restricted donations—Fisheries and Oceans

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

Donations—Rideau Hall

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

Shared-cost agreements—Awards

This account was established to record amounts deposited by external parties for shared-cost projects.

Donations for research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for biomedical research.

Donations

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

National Events—Donations

This account was established to record donations received from individuals and organizations to be used for National Events expenses.

Prime Minister's Awards and other deposits

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence and amounts deposited by customers to be used for payments of services provided by Industry Canada.

RADARSAT-2

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

RADARSAT-2—Data satellite

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloging and satellite acquisition services.

Trust fund—National Research Council of Canada

This account was established by the *National Research Council Act* to record funds received from other governments and organizations outside the accounting entity to cover expenses made on their behalf.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations to cover expenses made on their behalf.

Trust fund—Social Sciences and Humanities Research Council

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

Corporate sponsorships and donations

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

Royal Canadian Mounted Police Pipe Band (NCR)

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

Sponsorship Agreement—Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Restricted donations—Canadian Memorial

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

Restricted donations—Wounded Warrior Fund

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

Laurier House—Interest (Mackenzie King trust account)

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of $225,000, to the Government of Canada. The amount of $225,000 was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Endowments for health research

This account was established by section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Queen's Fellowship Fund

This fund is an endowment of $250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

Shared-cost agreements—Transportation research and development

This account was established to record, on a temporary basis, *(a)* funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and, *(b)* funds received from private sector and provincial governments to directly support the departmental strategic objectives.

Taxes Payable

Taxes payable include amounts payable to taxpayers based on assessments as well as estimates of refunds owing for assessments not completed by year end.

Table 5.6 presents a summary of the balances for the different tax revenue streams.

TABLE 5.6
TAXES PAYABLE

	March 31/2012	March 31/2011
	$	$
Personal and non-resident income tax	30,503,881,975	29,656,803,046
Corporate income tax	9,860,975,708	9,795,864,241
Goods and services tax	10,535,003,097	9,133,614,398
Customs and excise	52,273,830	61,553,516
Total	50,952,134,610	48,647,835,201

Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholders of personal income tax. This account also includes any interest owing on the balances.

Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

Environmental Liabilities

Environmental liabilities include the estimated costs related to the remediation of contaminated sites and to the future restoration of certain tangible capital assets where the Government is obligated, or likely obligated to incur such costs.

The Government has identified approximately 2,400 contaminated sites and 43 unexploded explosive ordnance (UXO) affected sites (2,200 contaminated sites and 42 UXO affected sites in 2011) for which it is likely obligated to remediate. Continued assessment work will lead to a more accurate cost estimate of the identified sites.

The contingent liabilities associated with the contaminated sites and UXO affected sites are disclosed in Section 11 of this volume.

Table 5.7 presents the liability balances of the custodian departments and Crown corporations for remediation liabilities for contaminated sites and asset restoration liabilities for UXO affected sites, nuclear facility decommissioning and certain electronic equipment.

TABLE 5.7
ENVIRONMENTAL LIABILITIES

	March 31/2012	March 31/2011
	$	$
Remediation of contaminated sites—		
Agriculture and Agri-Food	1,193,853	1,461,817
Canada Border Services Agency	2,420,800	2,285,800
Correctional Service of Canada	5,640,983	9,244,357
Environment	107,567,920	99,886,464
Fisheries and Oceans	102,125,797	108,698,513
Health	167,037	225,000
Indian Affairs and Northern Development	2,370,969,519	2,015,473,705
National Defence	425,054,380	325,455,667
National Research Council of Canada	636,995	79,829
Natural Resources	1,085,010,484	1,106,361,006
Parks Canada Agency	17,343,094	24,540,488
Public Works and Government Services	281,612,052	316,165,045
Royal Canadian Mounted Police	2,167,917	4,044,525
Transport	156,065,875	164,678,256
	4,557,976,706	*4,178,600,472*
Consolidated Crown corporations and other entities—		
Canadian Broadcasting Corporation	300,000	300,000
Enterprise Cape Breton Corporation	143,768,000	129,887,000
Marine Atlantic Inc.	73,000	
National Capital Commission	42,500,000	42,657,000
The Jacques-Cartier and Champlain Bridges Incorporated	28,100,000	1,000,000
VIA Rail Canada Inc.	185,000	1,627,000
	214,926,000	*175,471,000*
Total remediation of contaminated sites	4,772,902,706	4,354,071,472
Future asset restoration—		
National Defence (unexploded explosive ordnance affected sites)	3,756,974	15,842,947
Others	519,464	248,000
	4,276,438	*16,090,947*
Consolidated Crown corporations and other entities—		
Atomic Energy of Canada Limited (nuclear facility decommissioning)	3,566,256,000	3,357,046,000
Others	18,189,000	17,811,000
	3,584,445,000	*3,374,857,000*
Total future asset restoration	3,588,721,438	3,390,947,947
Total environmental liabilities	8,361,624,144	7,745,019,419

Changes in liability for remediation of contaminated sites

Table 5.8 presents a summary of the changes in liability balances for contaminated sites. In addition to expenditures reducing environmental liabilities previously recorded, the government spent another $31,359,698 ($43,090,811 in 2011) as management and remediation costs on its contaminated sites when these costs became known in the year.

TABLE 5.8
CHANGES IN LIABILITY FOR REMEDIATION OF CONTAMINATED SITES

	March 31/2012	March 31/2011
	$	$
Opening balance	4,354,071,472	3,493,060,213
Less: Expenditures reducing opening liabilities	274,260,194	366,429,461
Add: Changes in estimated remediation costs	172,542,359	1,100,787,486
New liability for sites not previously recorded	520,549,069	126,653,234
Closing balance	4,772,902,706	4,354,071,472

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 5.9 presents a summary of the balances for the accounts in this category of accounts payable and accrued liabilities.

TABLE 5.9
INTEREST AND MATURED DEBT

	March 31/2012	March 31/2011
	$	$
Interest due	1,650,045,828	1,925,470,643
Interest accrued	4,488,488,205	4,613,002,824
Matured debt	240,435,600	194,328,860
Total	6,378,969,633	6,732,802,327

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

Allowance for Guarantees

This category of accounts payable and accrued liabilities includes the allowance for guarantees provided by the Government. An allowance is recorded for guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated. As at March 31, 2012, the allowance for guarantees is $506 million ($592 million in 2011).

Additional information relating to guarantees can be found in Note 16—Contingent Liabilities in Section 2 and in Table 11.5 in Section 11 of this volume. In addition, Table 9.6 in Section 9 includes details on the borrowings of agent and non-agent enterprise Crown corporations and other government business enterprises. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government. In contrast, borrowings of non-agent enterprise Crown corporations and other government business enterprises may, at times, be guaranteed by the Government.

SECTION 6

2011-2012

PUBLIC ACCOUNTS OF CANADA

Interest-Bearing Debt

CONTENTS

Page

Unmatured debt—

Marketable bonds 6.3
Treasury bills 6.5
Retail debt 6.6
Bonds for Canada Pension Plan 6.7
Canada bills 6.7
Cross-currency swap revaluation 6.8
Unamortized discounts and premiums on market debt 6.8
Interest rates 6.9
Maturity of Government debt 6.10
Statement of all borrowing transactions on behalf of Her Majesty 6.11
Obligation related to capital leases 6.12

Pensions and other future benefits—

Public sector pensions 6.19
Other employee and veteran future benefits 6.31

Other liabilities—

Canada Pension Plan 6.33
Government Annuities Account 6.34
Deposit and trust accounts 6.35
Other specified purpose accounts 6.41

Supplementary statements—

Canada Pension Plan 6.52
Government Annuities Account 6.71
Royal Canadian Mounted Police (Dependants) Pension Fund 6.76

INTEREST-BEARING DEBT

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pension, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 6.1

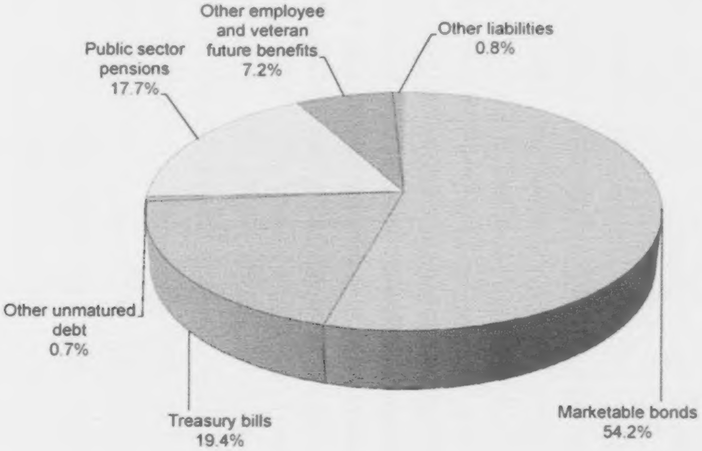
INTEREST-BEARING DEBT

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Unmatured debt[1]—				
Payable in Canadian currency—				
Marketable bonds, Table 6.2	416,080,098,582	138,062,242,189	106,002,134,000	448,140,206,771
Treasury bills, Table 6.3	162,979,509,000	427,400,000,000	427,158,614,000	163,220,895,000
Retail debt, Table 6.4	10,141,498,628	1,770,244,830	2,989,747,379	8,921,996,079
Bonds for Canada Pension Plan, Table 6.5	26,881,000		15,763,000	11,118,000
	589,227,987,210	*567,232,487,019*	*536,166,258,379*	*620,294,215,850*
Payable in foreign currencies—				
Marketable bonds, Table 6.2	5,655,965,028	3,083,856,637	95,408,807	8,644,412,858
Canada bills, Table 6.6	1,972,102,406	9,659,040,213	9,560,281,746	2,070,860,873
	7,628,067,434	*12,742,896,850*	*9,655,690,553*	*10,715,273,731*
Total—Market debt	596,856,054,644	579,975,383,869	545,821,948,932	631,009,489,581
Cross-currency swap revaluation	(5,090,659,306)		(642,804,870)	(4,447,854,436)
Unamortized discounts and premiums on market debt, Table 6.7	(4,484,950,791)	4,278,256,934	4,088,869,175	(4,295,563,032)
Obligation related to capital leases, Table 6.13	3,685,204,455	211,489,320	263,351,510	3,633,342,265
Other unmatured debt	189,714,062	263,174,739		452,888,800
Total—Unmatured debt	591,155,363,064	584,728,304,862	549,531,364,747	626,352,303,178
Pension, other future benefits and other liabilities—				
Public sector pensions, Table 6.15—				
Superannuation accounts	157,886,381,498	15,745,606,767	14,326,008,949	159,305,979,316
Allowance for pension adjustments	(11,751,000,000)	2,430,000,000	1,074,000,000	(10,395,000,000)
	146,135,381,498	*18,175,606,767*	*15,400,008,949*	*148,910,979,316*
Other employee and veteran future benefits, Table 6.28	58,206,000,000	7,954,000,000	5,645,000,000	60,515,000,000
Other liabilities—				
Due to Canada Pension Plan, Table 6.29	23,216,340	63,045,750,575	62,931,258,112	137,708,803
Government Annuities Account	221,340,103	14,417,451	34,146,964	201,610,590
Deposit and trust accounts, Table 6.30	2,311,234,263	2,900,202,908	2,466,634,768	2,744,802,403
Other specified purpose accounts, Table 6.33	3,759,036,477	3,753,172,833	3,663,502,935	3,848,706,375
	64,520,827,183	*77,667,543,767*	*74,740,542,779*	*67,447,828,171*
Total—Pension, other future benefits and other liabilities	210,656,208,681	95,843,150,534	90,140,551,728	216,358,807,487
Total	801,811,571,745	680,571,455,396	639,671,916,475	842,711,110,665

(1) This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

CHART 6A

INTEREST-BEARING DEBT BY CATEGORY AT MARCH 31, 2012



UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and other unmatured debt.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

— bought and sold on the open market;

— payable in Canadian or foreign currency;

— subject to redemption before maturity;

— fixed dates of maturity;

— interest payable either in coupon or registered form; and,

— face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2012.

TABLE 6.2

MARKETABLE BONDS

	April 1/2011	Receipts and other credits[1]	Payments and other charges[1]	March 31/2012
	$	$	$	$
Payable in Canadian currency—				
Matured 2011-2012	41,466,841,000		41,466,841,000	
Maturing 2012-2013	74,200,094,000		20,139,540,000	54,060,554,000
2013-2014	43,008,117,000	33,113,857,000	3,896,860,000	72,225,114,000
2014-2015	38,304,033,000	28,866,636,000	485,000,000	66,685,669,000
2015-2016	30,941,559,000			30,941,559,000
2016-2017	20,057,400,000	21,000,000,000		41,057,400,000
2017-2018	10,342,526,000			10,342,526,000
2018-2019	10,622,764,000			10,622,764,000
2019-2020	17,650,000,000			17,650,000,000
2020-2021	13,667,361,000			13,667,361,000
2021-2022	16,623,525,074	2,680,243,603		19,303,768,677
2022-2023	206,022,000	7,500,000,000		7,706,022,000
2023-2024	3,757,121,000		1,258,569,000	2,498,552,000
2025-2026	3,075,345,000		406,589,000	2,668,756,000
2026-2027	7,041,209,003	172,969,140		7,214,178,143
2027-2028	6,226,435,000		1,497,613,000	4,728,822,000
2029-2030	12,665,469,000		257,000,000	12,408,469,000
2031-2032	7,476,091,492	183,652,141		7,659,743,633
2033-2034	13,410,295,000		138,000,000	13,272,295,000
2036-2037	6,690,578,378	164,355,807		6,854,934,185
2037-2038	13,999,089,000			13,999,089,000
2041-2042	22,737,035,345	170,410,086		22,907,445,431
2044-2045	2,241,684,290	2,351,819,412		4,593,503,702
2045-2046		4,700,000,000		4,700,000,000
	416,410,594,582	100,903,943,189	69,546,012,000	447,768,525,771
Less:				
Government's holdings[2]	573,900,000	37,030,022,000	36,456,122,000	
Consolidation adjustment[3]	(243,404,000)	128,277,000		(371,681,000)
	330,496,000	*37,158,299,000*	*36,456,122,000*	*(371,681,000)*
Total marketable bonds payable in Canadian currency	416,080,098,582	138,062,242,189	106,002,134,000	448,140,206,771
Payable in foreign currencies—				
Maturing 2014-2015	2,908,800,000	83,700,000		2,992,500,000
2016-2017	32,233,382	2,998,227,508	4,800,000	3,025,660,890
2018-2019	15,591,168	448,632		16,039,800
2019-2020	2,751,993,600	97,650	87,800,000	2,664,291,250
	5,708,618,150	3,082,473,790	92,600,000	8,698,491,940
Less: Government's holdings and securities held for the retirement of unmatured debt[4]	52,653,122	1,382,847	2,808,807	54,079,082
Total marketable bonds payable in foreign currencies	5,655,965,028	3,083,856,637	95,408,807	8,644,412,858
Total	421,736,063,610	141,146,098,826	106,097,542,807	456,784,619,629

[1] These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

[2] Represents securities held for cancellation.

[3] Includes $69 million of securities held by consolidated Crown corporations and other entities and $441 million of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

[4] These securities were assumed by the Government of Canada on February 5, 2001 upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and,
- bought and sold on the open market.

The balance at March 31, 2012 consists of $7,200 million in odd issue bills; $49,400 million in three-month bills; $32,500 million in six-month bills; and, $74,300 million in 364-day bills.

Table 6.3 presents a summary of Treasury bill issues and redemptions.

TABLE 6.3
TREASURY BILLS

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Three-month bills	47,300,000,000	196,900,000,000	194,800,000,000	49,400,000,000
Six-month bills	33,200,000,000	74,300,000,000	75,000,000,000	32,500,000,000
Other bills	82,500,000,000	156,200,000,000	157,200,000,000	81,500,000,000
	163,000,000,000	427,400,000,000	427,000,000,000	163,400,000,000
Less: Government's holdings— Consolidation adjustment(1)	20,491,000		158,614,000	179,105,000
Total	162,979,509,000	427,400,000,000	427,158,614,000	163,220,895,000

(1) Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume.

Retail Debt

Retail debt includes Canada Savings Bonds and Canada Premium Bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of seven years or more;
- Canada Savings Bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and,
- Canada Premium Bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

Table 6.4 presents a summary of the balances and transactions for Canada Savings Bonds and Canada Premium Bonds.

TABLE 6.4
RETAIL DEBT

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Canada Savings Bonds—				
Matured 2011-2012	199,968,495		199,968,495	
Maturing 2012-2013	235,047,420		32,486,146	202,561,274
2013-2014(1)	328,451,686		45,787,446	282,664,240
2014-2015(2)	437,524,853		64,798,295	372,726,558
2015-2016(3)	425,622,914		65,761,056	359,861,858
2016-2017(4)	583,264,383		96,650,392	486,613,991
2017-2018(5)	1,053,605,978		187,040,872	866,565,106
2018-2019(6)	1,254,261,901		269,052,994	985,208,907
2019-2020(7)	808,851,699		282,223,616	526,628,083
2020-2021(8)	631,447,805	902,781,160	834,905,969	699,322,996
2021-2022		686,557,743	81,188,289	605,369,454
	5,958,047,134	*1,589,338,903*	*2,159,863,570*	*5,387,522,467*
Canada Premium Bonds—				
Matured 2011-2012	464,555,888		464,555,888	
Maturing 2012-2013	891,744,685	390	68,088,313	823,656,762
2013-2014	741,644,012		61,608,065	680,035,947
2014-2015	218,545,047		13,921,806	204,623,241
2015-2016	153,930,417		9,838,519	144,091,898
2016-2017	149,172,082		9,223,205	139,948,877
2017-2018	132,800,802		8,695,724	124,105,078
2018-2019(6)	782,780,400		128,669,339	654,111,061
2019-2020(7)	427,875,304		41,281,392	386,593,912
2020-2021(8)	220,402,857		20,525,414	199,877,443
2021-2022		180,905,537	3,476,144	177,429,393
	4,183,451,494	*180,905,927*	*829,883,809*	*3,534,473,612*
Total	10,141,498,628	1,770,244,830	2,989,747,379	8,921,996,079

(1) Ten years maturity extension to CSB Series 46 until November 1, 2013.
(2) Ten years maturity extension to CSB Series 47 until November 1, 2014.
(3) Ten years maturity extension to CSB Series 48 until November 1, 2015.
(4) Ten years maturity extension to CSB Series 49 until November 1, 2016.
(5) Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.
(6) Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.
(7) Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.
(8) Ten years maturity extension to CSB Series 65 and CPB Series 14.

Bonds for Canada Pension Plan

Bonds for Canada Pension Plan are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan (CPP) Investment Board and have the following characteristics:

— not negotiable;

— not transferable;

— not assignable;

— issued in Canadian currency only;

— term to maturity of 20 years or less;

— interest payable semi-annually; and,

— redeemable at face value plus accrued interest.

Table 6.5 presents a summary of the balances and transactions for these bonds.

TABLE 6.5

BONDS FOR CANADA PENSION PLAN

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Matured 2011-2012	15,763,000		15,763,000	
Maturing 2012-2013	11,118,000			11,118,000
Total	26,881,000		15,763,000	11,118,000

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

— issued at a discount in lieu of interest payments;

— term to maturity of not more than 270 days;

— transferable; and,

— bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2012.

Table 6.6 presents a summary of Canada bill issues and redemptions.

TABLE 6.6

CANADA BILLS

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Canada bills before revaluation	1,919,761,812	9,659,040,213	9,533,166,990	2,045,635,035
Exchange valuation adjustment	52,340,594		27,114,756	25,225,838
Total	1,972,102,406	9,659,040,213	9,560,281,746	2,070,860,873

Cross-currency Swap Revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

Unamortized Discounts and Premiums on Market Debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on Treasury bills records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and,
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

Table 6.7 presents a summary of the balances and transactions for the unamortized discounts and premiums on market debt.

TABLE 6.7

UNAMORTIZED DISCOUNTS AND PREMIUMS ON MARKET DEBT

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Unamortized discounts on Canada Bills	(369,510)	1,815,070	1,793,450	(347,890)
Unamortized discounts on Treasury Bills	(625,505,314)	1,744,747,757	1,630,922,273	(511,679,830)
Unamortized discounts and premiums on marketable bonds	(3,859,075,967)	2,531,694,107	2,456,153,452	(3,783,535,312)
Total	(4,484,950,791)	4,278,256,934	4,088,869,175	(4,295,563,032)

Interest Rates

Table 6.8 sets out market debt as at March 31, for each of the years 2007-2008 to 2011-2012 inclusively, with the average rate of interest thereon. For purposes of comparison, market debt is classified as Marketable bonds, Treasury bills, Retail debt, Bonds for Canada Pension Plan, Canada bills and Foreign currency notes.

TABLE 6.8

MARKET DEBT AS AT MARCH 31, FROM 2008 TO 2012, WITH THE AVERAGE RATE OF INTEREST THEREON

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Foreign currency notes		Total market debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%
2012	456,784	3.30	163,221	0.99	8,922	0.81	11	9.37	2,071	0.07			631,009	2.65
2011	421,736	3.55	162,980	1.12	10,141	1.10	27	9.69	1,972	0.15			596,856	2.83
2010	373,752	3.85	175,849	0.40	11,855	1.32	452	11.19	2,453	0.13			564,361	2.71
2009	295,184	4.53	192,275	1.34	12,532	2.32	523	11.03	8,707	0.64	1,676	4.50	510,897	3.21
2008	259,429	5.08	116,936	3.60	13,068	3.50	1,042	10.62	1,483	2.59	2,136	3.87	394,094	4.61

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 2007-2008 to 2011-2012 inclusively.

TABLE 6.9

TREASURY BILLS AVERAGE YIELDS AT TENDER

	High	Low	Last issue
Year ended March 31	%	%	%
Three-month bills—			
2012	0.98	0.82	0.93
2011	1.01	0.29	0.92
2010	0.42	0.17	0.23
2009	2.83	0.46	0.46
2008	4.61	2.03	2.03
Six-month bills—			
2012	1.14	0.88	1.02
2011	1.17	0.47	1.08
2010	0.52	0.26	0.35
2009	3.09	0.56	0.56
2008	4.70	2.29	2.29
364 days bills—			
2012	1.47	0.85	1.10
2011	1.46	0.95	1.34
2010	0.77	0.46	0.77
2009	3.30	0.68	0.68
2008	4.78	2.34	2.34
Other bills—			
2012	1.00	0.82	0.97
2011	0.99	0.17	0.97
2010	0.25	0.18	0.24
2009	3.39	0.84	0.84
2008	4.47	2.20	3.06

Maturity of Government Debt

Table 6.10 presents total market debt arranged in order of maturity.

TABLE 6.10

MATURITY OF GOVERNMENT DEBT

	Marketable bonds		Treasury bills		Retail debt		Bonds for Canada Pension Plan		Canada bills		Foreign currency notes		Total market debt	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%	$(millions)	%
2013	54,061	2.43	163,400	0.99	1,026	1.22	11	9.37	2,071	0.07			220,569	1.34
2014	72,225	2.53			963	0.86							73,188	2.51
2015	69,678	2.33			577	0.83							70,255	2.32
2016	30,942	3.47			504	0.65							31,446	3.42
2017	44,083	2.95			627	0.79							44,710	2.92
2018/22....	74,267	3.85			5,225	0.73							79,492	3.65
2023/27....	20,087	4.84											20,087	4.84
2028/32....	24,797	5.64											24,797	5.64
2033/37....	20,127	4.81											20,127	4.81
2038/42....	36,906	3.99											36,906	3.99
2043/47....	9,293	2.51											9,293	2.51
	456,466	3.30	163,400	0.99	8,922	0.81	11	9.37	2,071	0.07			630,870	2.65
Less: Government's holdings and consolidation adjustment(1)...	(318)	6.47	179										(139)	6.47
Total	456,784	3.30	163,221	0.99	8,922	0.81	11	9.37	2,071	0.07			631,009	2.65

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

(1) Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds - $54 million with an average interest rate of 8.43 percent) and consolidation adjustments.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.11 presents information on the Government's borrowing transactions. Included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

TABLE 6.11

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY
(in millions of dollars)

	April 1/2011	Issues/ Borrowings	Retirements	March 31/2012
Market debt of the Government of Canada[1]	596,856	579,975	545,822	631,009
Cross-currency swap revaluation	(5,091)		(643)	(4,448)
Unamortized discounts and premiums on market debt[1]	(4,485)	4,278	4,089	(4,296)
Obligation related to capital leases[1]	3,685	211	263	3,633
Other unmatured debt	190	263		453
	591,155	*584,727*	*549,531*	*626,351*
Borrowings of enterprise Crown corporations designated as agents of Her Majesty	227,642	74,145	59,459	242,328
Total	818,797	658,872	608,990	868,679

[1] Details can be found in this section.

Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

Table 6.12 presents the obligation related to capital lease agreements by asset type.

TABLE 6.12

OBLIGATION RELATED TO CAPITAL LEASES

	April 1/2011	Net changes	March 31/2012
	$	$	$
Land	8,332,274	(602,161)	7,730,113
Buildings	2,563,528,180	10,674,780	2,574,202,960
Works and infrastructure	605,470,877	(17,608,845)	587,862,032
Machinery and equipment	27,816,069	9,551,513	37,367,582
Vehicles	480,057,055	(53,877,477)	426,179,578
Total	3,685,204,455	(51,862,190)	3,633,342,265

Capital Leases

Table 6.13 provides details of obligation under capital lease arrangements.

TABLE 6.13

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES
(in thousands of dollars)

				Balances at March 31, 2012		
	Inception date	Lease term in years	Discount rate (%)[1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Canadian Heritage—						
National Film Board—						
Spirit 4K Film Scanner and DataCine	July 2008	5	8.00	279	6	273
Other capital leases less than $1,000,000				186	12	174
				465	*18*	*447*
Environment—						
Carleton University, Ottawa - National Wildlife Research Centre	May 2002	25	5.63	19,500	6,563	12,937
National Defence—						
Longue Pointe Supply Depot	Nov 1994	35	7.64	59,536	26,853	32,683
Edmonton Armoury - North	Dec 2000	20	5.62	12,261	2,572	9,689
Edmonton Armoury - South	May 2001	20	6.07	19,305	4,359	14,946
Shawinigan Armoury	May 1999	20	5.46	3,971	687	3,284
Milit-Air (NFTC)	Dec 1999	20	5.78	471,799	93,259	378,540
Milit-Air (NFTC)	Oct 2003	17	5.87	61,190	13,551	47,639
Montfort Hospital - Health Services	Oct 2003	17	5.26	60,843	15,119	45,724
				688,905	*156,400*	*532,505*
Natural Resources—						
183 Longwood Drive, Hamilton	Nov 2010	25	3.45	111,421	35,285	76,136

TABLE 6.13

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

				Balances at March 31, 2012		
	Inception date	Lease term in years	Discount rate (%) [1]	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Parliament—						
House of Commons—						
Speed Master - Heidelberg	Feb 2011	5	5.25	1,564	153	1,411
Other capital leases less than $1,000,000				2,058	167	1,891
				3,622	*320*	*3,302*
Public Safety and Emergency Preparedness—						
Royal Canadian Mounted Police—						
RCMP Detachment, Cornwall	Aug 2009	25	5.54	25,690	10,994	14,696
Public Works and Government Services—						
1 Arctic Road, Inuvik	March 2008	10	10.73	1,030	273	757
101 Frederick Street, Kitchener (Lease 1 of 2)	July 2010	5	2.98	705	34	671
101 Frederick Street, Kitchener (Lease 2 of 2)	July 2010	5	7.66	1,382	162	1,220
110 O'Connor Street, Ottawa (Lease 1 of 6)	April 2009	10	5.70	4,045	716	3,329
110 O'Connor Street, Ottawa (Lease 2 of 6)	April 2009	10	5.43	3,970	673	3,297
110 O'Connor Street, Ottawa (Lease 3 of 6)	Dec 2009	10	5.43	7,244	1,329	5,915
110 O'Connor Street, Ottawa (Lease 4 of 6)	Dec 2009	10	5.43	5,371	986	4,385
110 O'Connor Street, Ottawa (Lease 5 of 6)	Dec 2009	10	5.43	2,805	515	2,290
110 O'Connor Street, Ottawa (Lease 6 of 6)	April 2010	10	4.37	1,586	241	1,345
1104 Ikaluktuutiak Drive, Iqaluit	Nov 2011	10	2.60	6,146	711	5,435
1130 Morrison Drive, Ottawa	April 2003	10	6.12	189	6	183
1164 Devonshire Avenue, North Bay	April 2011	10	3.67	1,755	262	1,493
117 Glencoe Drive, Mount Pearl	Aug 2009	10	3.57	2,756	334	2,422
1300 Bath Road, Kingston	Feb 2012	10	2.20	1,216	123	1,093
135 Hunter Street East, Hamilton	June 2003	10	5.66	501	17	484
1363 Fourth Avenue, Prince George	Dec 2010	10	6.84	1,516	375	1,141
1431 Merivale Road, Ottawa	Oct 2007	10	8.22	2,888	571	2,317
144 Millennium Drive, Quispamsis	Nov 2011	10	8.74	1,868	814	1,054
1484 Centennial Drive, Kingston	Oct 2006	10	18.24	2,436	771	1,665
1550 Estimauville Avenue, Quebec	Nov 2011	20	8.24	85,454	43,111	42,343
159 Cleopatra Drive, Ottawa	March 2011	10	1.33	5,001	287	4,714
1600 Star Top Road, Ottawa	July 2004	15	7.15	22,179	4,913	17,266
1620 Dickson Avenue, Kelowna	April 2006	10	4.38	1,399	118	1,281
1725 Woodward Drive, Ottawa (Lease 1 of 2)	Dec 2009	10	8.94	3,440	957	2,483
1725 Woodward Drive, Ottawa (Lease 2 of 2)	Dec 2009	10	8.55	3,178	852	2,326
179 Third Avenue, Timmins	Feb 2010	10	8.69	5,992	1,656	4,336
18 Corporation Drive, Brampton	April 2004	9	4.37	456	11	445
1801 Hollis and Duke, Halifax	Oct 2009	10	3.89	3,587	491	3,096
181 Queen Street, Ottawa	March 2004	20	10.65	43,680	19,343	24,337
1925 McCallum Road, Abbotsford	Nov 2008	15	4.30	4,662	1,069	3,593
200 John Street West, Oshawa	Nov 2009	10	7.16	2,107	485	1,622
22 de Varennes Street, Gatineau	Nov 2007	10	10.97	3,461	882	2,579
220 Fortin Street, Quebec	Dec 2007	10	15.65	1,338	454	884
2455 Don Reid Drive, Ottawa	Dec 2009	15	7.71	3,908	1,418	2,490
248 McArthur Avenue, Ottawa	Sept 2002	10	7.91	179	3	176
2525 Dixie Road, Mississauga	Oct 2009	5	6.67	1,030	84	946
2655 Lancaster Road, Ottawa (Lease 1 of 2)	Feb 2009	8	3.94	958	87	871
2655 Lancaster Road, Ottawa (Lease 2 of 2)	July 2009	8	4.66	843	89	754
269 Laurier Avenue, Ottawa	Sept 2005	15	4.18	49,171	7,779	41,392
275 De Baets Street, Winnipeg	Feb 2007	10	17.42	1,351	442	909
2920 Highway 104, Antigonish	Feb 2006	10	7.76	628	86	542
295 Belliveau Avenue, Shediac	Jan 2007	15	7.93	3,781	1,161	2,620
3 Lower Malpeque Road, Charlottetown	June 2008	10	4.19	870	105	765
3085 Glen Erin Drive, Mississauga (Lease 1 of 2)	Aug 2010	7	7.28	1,519	263	1,256
3085 Glen Erin Drive, Mississauga (Lease 2 of 2)	Nov 2010	10	5.74	2,472	523	1,949
325 Broadway Avenue, Winnipeg	Jan 2008	10	10.37	8,001	1,993	6,008
3299 Industriel Boulevard, Sherbrooke	Nov 2009	10	6.24	1,469	307	1,162
351 Saint-Joseph Boulevard, Gatineau (Lease 1 of 2)	Aug 2011	25	5.28	86,105	38,314	47,791
351 Saint-Joseph Boulevard, Gatineau (Lease 2 of 2)	Dec 2011	25	7.33	22,564	12,113	10,451
3600 Lysander Lane, Richmond	March 2010	10	0.43	3,034	53	2,981

TABLE 6.13

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

				Balances at March 31, 2012		
	Inception date	Lease term in years	Discount rate (%) (1)	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
365 Hargrave Street, Winnipeg	July 2003	10	4.65	631	19	612
400 City Hall Square East, Windsor	Jan 2006	10	9.89	2,592	434	2,158
419 Kensington Avenue, Estevan	Oct 2011	10	2.87	1,236	155	1,081
444 Fifth Street, Shawinigan	Dec 2011	10	8.50	3,086	987	2,099
4455 12th Avenue, Shawinigan-Sud	Sept 2003	10	8.85	594	38	556
485 Bishop Drive, Fredericton	Dec 2011	15	6.16	1,674	574	1,100
4901-05 46th Street, Red Deer	Aug 2011	10	3.11	2,392	318	2,074
50 King Street, Moncton	June 2002	10	6.40	42		42
50 Queen Street North, Kitchener	Nov 2006	7	7.81	1,077	67	1,010
5019, 52nd Street, Yellowknife	Feb 2011	10	2.54	1,882	198	1,684
520 Exmouth Street, Sarnia	Dec 2006	10	4.08	2,497	227	2,270
555 McAllister Drive, Saint John	Nov 2007	10	8.16	3,561	709	2,852
6th and 2nd Building, Edmonton	Sept 2009	5	3.49	709	30	679
635 8th Avenue South West, Calgary	July 2009	10	3.55	7,735	940	6,795
65 John Savage Avenue, Dartmouth	Oct 2004	10	5.93	1,043	76	967
6503 67th Street, Red Deer	Sept 2009	10	4.81	973	156	817
78 Richmond Street West, Oshawa	July 2009	5	9.75	2,124	231	1,893
8 Colonnade Road, Ottawa	May 2007	10	5.91	1,480	204	1,276
8 Queen Street East, Sault Ste Marie	June 2010	10	4.95	2,385	426	1,959
81 Kingmingya Road, Inuvik	Jan 2011	10	7.35	1,337	353	984
825-827 Fort Street, Victoria	Oct 2011	10	2.66	1,814	213	1,601
859 Main Street, Moncton	July 2008	10	5.49	1,210	188	1,022
985 McGill Place, Kamloops	June 2002	15	13.50	1,586	449	1,137
98-100 Racine Street East, Saguenay	June 2011	9	5.36	1,594	332	1,262
Admiral Building, Ottawa	Aug 2009	15	11.51	2,092	1,017	1,075
Albion Executive Tower, Ottawa	Dec 2009	10	6.80	2,462	547	1,915
Anderson Building, Selkirk	Jan 2012	10	2.18	1,234	121	1,113
Bank of Canada, Ottawa	Sept 2002	10	6.00	671	10	661
Barker House, Fredericton	April 2010	10	2.82	2,863	307	2,556
Bell Canada Place, Ottawa	May 2003	15	10.88	5,745	1,556	4,189
Bell Tower, Edmonton	Jan 2004	10	18.61	1,137	173	964
Bonaventure Place, Montreal	May 2005	10	16.43	2,715	596	2,119
Broad Street Crossing, Regina (Lease 1 of 2)	May 2008	10	4.88	1,326	180	1,146
Broad Street Crossing, Regina (Lease 2 of 2)	May 2008	10	9.77	1,026	255	771
C. D. Howe Building, Ottawa	Sept 1977	35	9.19	2,542	57	2,485
Canada Building, Ottawa	April 2007	10	4.27	3,610	365	3,245
Canada Building & Enterprise Building, Ottawa	April 2004	9	5.94	7,235	227	7,008
Canada Place Building, Edmonton	Oct 2007	25	4.44	383,350	139,359	243,991
Canada Post Place, Ottawa	Dec 2004	15	4.91	23,532	3,955	19,577
Cargill Building, Winnipeg	July 2008	10	7.38	7,188	1,444	5,744
Carling Square, Tower I, Ottawa	Oct 2007	10	11.76	4,565	1,216	3,349
Carling Square, Tower II, Ottawa	Dec 2007	10	7.83	7,628	1,483	6,145
Centennial House, Winnipeg	April 2008	10	4.69	3,146	413	2,733
Centennial Towers, Ottawa	Dec 2003	10	6.70	18,155	1,022	17,133
Chahko Mika Mall, Nelson	Nov 2011	10	7.89	2,725	817	1,908
Chebucto Place, Halifax	May 2011	10	3.45	1,864	272	1,592
Chief Joseph Big Plume Building, Sarcee	Jan 2011	10	5.93	3,950	874	3,076
City Place, Winnipeg (Lease 1 of 2)	Nov 2008	10	9.16	1,987	501	1,486
City Place, Winnipeg (Lease 2 of 2)	April 2009	10	7.04	3,855	823	3,032
Coast Guard Base, Mount Pearl	Feb 2011	8	2.21	1,800	131	1,669
Colonnade Warehouse, Nepean	April 2007	10	7.80	1,028	179	849
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 1 of 2)	Jan 2009	9	9.61	4,362	1,040	3,322
Commodity Exchange & Winnipeg Square, Winnipeg (Lease 2 of 2)	Jan 2009	9	9.74	3,110	750	2,360
Crowsnest Trail Plaza, Lethbridge	July 2008	10	5.83	1,118	186	932
De La Cité Place, Gatineau	Dec 2003	15	9.78	26,027	6,958	19,069
Des Explorateurs Place, Gatineau	Oct 2008	10	4.68	2,041	288	1,753
Federal Court, Montreal	Feb 1994	20	21.53	3,136	564	2,572
Fontaine Building, Gatineau	Jan 2008	15	5.82	35,615	9,192	26,423

TABLE 6.13

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Continued*

(in thousands of dollars)

				Balances at March 31, 2012		
	Inception date	Lease term in years	Discount rate (%) (1)	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
Fraser Building, Ottawa	Feb 2010	10	3.24	3,588	423	3,165
Frederick Square, Fredericton	Dec 2011	10	2.31	1,278	134	1,144
Galeries Laurentides, Saint-Jérôme	June 2007	10	15.13	1,272	393	879
Glencoe Building, Mount Pearl	Dec 2007	10	10.74	2,228	565	1,663
Guy Favreau Complex, Montreal	Jan 2004	15	5.84	76,004	17,638	58,366
Hamilton Centre, Regina	June 2002	10	15.88	136	3	133
Harry Hays Building, Calgary	Oct 2007	25	4.44	379,499	137,990	241,509
Heritage Court, Moncton	July 2002	10	11.36	179	3	176
Historic Properties, Halifax	Jan 2006	10	8.18	1,535	217	1,318
I.C.A.O., Montreal	Nov 1996	20	9.94	74,582	18,744	55,838
Iberville IV Tower, Sainte-Foy	April 2005	10	4.68	531	37	494
Jean Edmonds Tower North, Ottawa	Jan 2005	10	4.53	24,940	1,532	23,408
Joe Tobie Building, Yellowknife	April 2008	5	3.08	307	5	302
Joseph Shepard Building, Toronto	Oct 2007	25	4.44	262,384	95,414	166,970
Judicial Complex, Toronto	April 2006	20	11.40	83,095	43,557	39,538
Kamotiq Building, Nunavut	April 2011	10	5.10	5,062	1,009	4,053
Kent Square Building, Ottawa	Oct 2007	10	4.52	3,534	410	3,124
Laurier Place, Ottawa	May 2009	10	5.51	3,188	554	2,634
Library Square (Block 56), Vancouver	May 1995	25	9.68	53,891	16,608	37,283
Lionel Chevrier Building, Cornwall	Dec 2004	15	6.07	6,066	1,226	4,840
Louis St-Laurent Building, Gatineau	Nov 2001	15	6.38	42,133	7,101	35,032
Maritime Centre, Halifax (Lease 1 of 3)	Oct 2006	10	10.41	930	190	740
Maritime Centre, Halifax (Lease 2 of 3)	Jan 2010	15	6.26	20,268	6,437	13,831
Maritime Centre, Halifax (Lease 3 of 3)	Jan 2010	15	5.78	2,103	628	1,475
Megasys Phase II, Calgary	Feb 2008	10	5.62	5,303	791	4,512
Mercury Centre, Ottawa	Jan 2007	25	4.50	128,399	43,459	84,940
Mews Place, St. John's	Oct 2011	10	2.37	3,427	364	3,063
Midwest Surveys Building, Calgary	April 2007	10	17.88	3,338	1,142	2,196
Montcalm Place, Phase III, Gatineau	Dec 2003	15	8.65	27,130	6,567	20,563
Narono Building, Ottawa	Feb 2008	10	4.61	1,531	192	1,339
Nova Plaza, Yellowknife (Lease 1 of 2)	April 2009	10	6.00	3,060	566	2,494
Nova Plaza, Yellowknife (Lease 2 of 2)	April 2010	10	10.21	1,580	503	1,077
Parks Canada Building, Dartmouth	July 2009	20	7.61	4,676	2,076	2,600
Queen Square, Dartmouth	Sept 2011	10	3.18	12,561	1,720	10,841
RCMP Building, Montreal	Oct 2007	25	4.44	65,795	24,010	41,785
Revenu Canada Building, Montreal	Oct 2007	25	4.44	134,137	48,797	85,340
Roper Ridge Business Park, Edmonton	Nov 2008	10	6.43	5,853	1,111	4,742
Rosdev de Ville, Gatineau	June 2007	10	4.58	19,104	2,121	16,983
Royal Bank Building, Toronto	May 2002	10	12.50	437	5	432
Royal Centre, New Westminster (Lease 1 of 2)	Nov 2008	10	11.22	1,911	564	1,347
Royal Centre, New Westminster (Lease 2 of 2)	March 2011	9	5.96	1,263	272	991
Samuel-Holland Complex, Quebec	July 2011	10	3.13	1,382	183	1,199
Sixty Queen Building, Ottawa (Lease 1 of 2)	July 2008	10	3.94	1,791	196	1,595
Sixty Queen Building, Ottawa (Lease 2 of 2)	May 2009	9	0.32	5,128	49	5,079
Sixty-Six Slater Building, Ottawa (Lease 1 of 2)	April 2009	10	4.95	4,285	670	3,615
Sixty-Six Slater Building, Ottawa (Lease 2 of 2)	Sept 2010	10	5.53	1,756	355	1,401
Skyline Complex, Ottawa	Oct 2007	25	4.44	296,533	107,998	188,535
Smith Building, St. John's	July 2009	10	7.08	3,411	749	2,662
Terrasses de la Chaudière, Gatineau	Jan 1993	20	9.95	72,020	6,969	65,051
The Baker Center Building, Edmonton	Dec 2007	10	4.45	1,037	122	915
The Inuksugait Plaza, Iqaluit	Oct 2006	10	14.28	988	262	726
The New Two Seventy Building, Ottawa	June 2007	10	4.58	6,041	672	5,369
The Standard Life Centre, Hamilton	Dec 2007	5	11.15	480	19	461
Thomas D'Arcy McGee Building, Ottawa	Oct 2007	25	4.44	231,567	84,148	147,419
Time Square Building, Ottawa	Oct 2010	10	4.76	5,731	1,025	4,706
Trebla Building, Ottawa (Lease 1 of 2)	April 2009	10	9.46	7,639	2,069	5,570
Trebla Building, Ottawa (Lease 2 of 2)	April 2009	10	2.73	807	73	734
Trusco Building, Ottawa	Sept 2006	20	4.28	100,145	25,509	74,636
Urbandale Building, Ottawa	June 2002	10	4.40	88		88

TABLE 6.13

DETAILS OF OBLIGATION RELATED TO CAPITAL LEASES—*Concluded*

(in thousands of dollars)

				Balances at March 31, 2012		
	Inception date	Lease term in years	Discount rate (%) (1)	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
VAC Records Management Centre, Charlottetown	Nov 2007	15	13.43	3,490	1,632	1,858
Vanguard Building, Ottawa	Nov 2007	10	4.80	2,658	330	2,328
Vault Building, Lethbridge	April 2008	10	6.18	1,209	201	1,008
Waldron Building, Yellowknife	Aug 2007	10	12.22	1,356	363	993
Wellington Place, Sherbrooke	Feb 2005	8	6.30	238	7	231
Woodward's Abbott Building, Vancouver	Jan 2010	15	5.35	5,896	1,650	4,246
Other capital leases less than $1,000,000				85,588	22,788	62,800
				3,352,822	*1,075,681*	*2,277,141*
Shared Services Canada—						
IBM-Enterprise Class Z196 Server, model 2817-M32 CPC1 for DCH (AMR 9-59)	Oct 2011	4	1.20	7,847	158	7,689
IBM-Enterprise Class Z196 Server, model 2817-M32 CPC2 for DCH (AMR 9-59)	Oct 2011	4	1.20	5,496	111	5,385
IBM-Enterprise Class Z196 Server, model 2817-M32 CPC7 for DCH (AMR 9-59)	Oct 2011	4	1.20	5,368	108	5,260
IBM-Enterprise Class Z196 Server, model 2817-M32 CPC8 for DCH (AMR 9-59)	Oct 2011	4	1.20	4,891	99	4,792
IBM-Enterprise Class Z196 Server, model 2817-M32 CPC9 for DCH (AMR 9-59)	Oct 2011	4	1.20	3,337	67	3,270
IBM-Enterprise Class Z196 Server for DND Mainframe 1	Jan 2012	2	0.06	3,382	200	3,182
IBM-Enterprise Class Z196 Server for DND Mainframe 2	Jan 2012	2	0.06	649	38	611
IBM-Enterprise Class Z196 Server for DND Mainframe 3	Jan 2012	2	0.06	2,102	124	1,978
IBM-Enterprise Class Z196 Server for DND Mainframe 4	Jan 2011	3	0.00	932	1	931
				34,004	*906*	*33,098*
Transport—						
Confederation Bridge	May 1997	35	6.16	1,327,808	739,946	587,862
Other departments—						
Capital leases less than $1,000,000				547	26	521
				5,564,784	2,026,139	3,538,645
Consolidated Crown corporations and other entities—						
Canadian Broadcasting Corporation—						
HD3 Mobile	Jan 2011	5	2.95	6,632	367	6,265
Telesat	Feb 2001	17	6.80	70,174	12,288	57,886
				76,806	*12,655*	*64,151*
Canadian Museum of Nature—						
Natural Heritage Building, Gatineau, Que	Sept 1996	35	9.88	68,250	38,128	30,122
Canadian Race Relations Foundation—						
Capital leases less than $1,000,000				8	1	7
Defence Construction (1951) Limited						
Capital leases less than $1,000,000				405	42	363
First Nations Statistical Institute—						
Capital leases less than $1,000,000				27	3	24
Sustainable Development Technology Canada—						
Capital leases less than $1,000,000				33	3	30
				145,529	50,832	94,697
Total				5,710,313	2,076,971	3,633,342

(1) For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease.

Minimum lease payments related to capital leases

Table 6.14 presents upcoming minimum leases payments for the next five years by ministry.

TABLE 6.14

MINIMUM LEASE PAYMENTS RELATED TO CAPITAL LEASES
(in thousands of dollars)

	Payments due in						
	2013	2014	2015	2016	2017	2018 and subsequent years	Total
Canadian Heritage—							
National Film Board—							
Remaining payments	359	63	43				465
Imputed interest	9	5	4				18
	350	*58*	*39*				*447*
Environment—							
Remaining payments	1,300	1,300	1,300	1,300	1,300	13,000	19,500
Imputed interest	729	696	662	626	588	3,262	6,563
	571	*604*	*638*	*674*	*712*	*9,738*	*12,937*
National Defence—							
Remaining payments	82,330	82,303	82,240	82,182	82,118	277,732	688,905
Imputed interest	29,964	26,937	23,714	20,294	16,676	38,815	156,400
	52,366	*55,366*	*58,526*	*61,888*	*65,442*	*238,917*	*532,505*
Natural Resources—							
Remaining payments	4,718	4,718	4,718	4,718	4,718	87,831	111,421
Imputed interest	2,593	2,519	2,442	2,362	2,280	23,089	35,285
	2,125	*2,199*	*2,276*	*2,356*	*2,438*	*64,742*	*76,136*
Parliament—							
House of Commons—							
Remaining payments	959	955	953	755			3,622
Imputed interest	141	102	60	17			320
	818	*853*	*893*	*738*			*3,302*
Public Safety and Emergency Preparedness—							
Royal Canadian Mounted Police—							
Remaining payments	1,146	1,146	1,146	1,146	1,146	19,960	25,690
Imputed interest	805	786	766	744	721	7,172	10,994
	341	*360*	*380*	*402*	*425*	*12,788*	*14,696*
Public Works and Government Services—							
Remaining payments	280,226	307,023	236,429	224,803	250,217	2,054,124	3,352,822
Imputed interest	125,968	111,307	101,411	92,706	82,511	561,778	1,075,681
	154,258	*195,716*	*135,018*	*132,097*	*167,706*	*1,492,346*	*2,277,141*
Shared Services Canada—							
Remaining payments	11,734	10,725	7,697	3,848			34,004
Imputed interest	559	251	87	9			906
	11,175	*10,474*	*7,610*	*3,839*			*33,098*
Transport—							
Remaining payments	60,529	57,506	58,375	59,257	60,152	1,031,989	1,327,808
Imputed interest	42,119	38,257	38,250	38,215	38,153	544,952	739,946
	18,410	*19,249*	*20,125*	*21,042*	*21,999*	*487,037*	*587,862*
Other departments—							
Capital leases less than $1,000,000—							
Remaining payments	273	191	57	24	2		547
Imputed interest	16	8	2				26
	257	*183*	*55*	*24*	*2*		*521*
	240,671	285,062	225,560	223,060	258,724	2,305,568	3,538,645

TABLE 6.14

MINIMUM LEASE PAYMENTS RELATED TO CAPITAL LEASES—*Concluded*

(in thousands of dollars)

	Payments due in						
	2013	2014	2015	2016	2017	2018 and subsequent years	Total
Consolidated Crown corporations and other entities—							
Canadian Broadcasting Corporation—							
Remaining payments	13,760	13,760	13,760	13,472	12,030	10,024	76,806
Imputed interest	3,831	3,102	2,536	1,815	1,098	273	12,655
	9,929	*10,658*	*11,224*	*11,657*	*10,932*	*9,751*	*64,151*
Canadian Museum of Nature—							
Remaining payments	3,500	3,500	3,500	3,500	3,500	50,750	68,250
Imputed interest	2,967	2,912	2,851	2,783	2,709	23,906	38,128
	533	*588*	*649*	*717*	*791*	*26,844*	*30,122*
Canadian Race Relations Foundation—							
Remaining payments	3	3	2				8
Imputed interest	1						1
	2	*3*	*2*				*7*
Defence Construction (1951) Limited—							
Remaining payments	140	123	82	51	9		405
Imputed interest	20	15	6	1			42
	120	*108*	*76*	*50*	*9*		*363*
First Nations Statistical Institute—							
Remaining payments	9	9	9				27
Imputed interest	1	1	1				3
	8	*8*	*8*				*24*
Sustainable Development Technology Canada—							
Remaining payments	15	15	3				33
Imputed interest	1	1	1				3
	14	*14*	*2*				*30*
	10,606	11,379	11,961	12,424	11,732	36,595	94,697
Total	251,277	296,441	237,521	235,484	270,456	2,342,163	3,633,342
Summary—							
Remaining payments	461,001	483,340	410,314	395,056	415,192	3,545,410	5,710,313
Imputed interest	209,724	186,899	172,793	159,572	144,736	1,203,247	2,076,971
Net obligation	251,277	296,441	237,521	235,484	270,456	2,342,163	3,633,342

PENSIONS AND OTHER FUTURE BENEFITS

Pensions and other future benefits include liabilities for public sector pensions and other employee and veteran future benefits established under the authority of section 64 of the *Financial Administration Act*.

Public Sector Pensions

The Government sponsors defined benefit pension plans covering substantially all its employees, principally members of the public service and certain Public Service corporations and territorial governments, the Canadian Forces, including the Reserve Force and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The liability for public sector pensions represents the Government's obligations for the major pension plans it sponsors. It is recorded through superannuation accounts, which are generally established pursuant to legislation, and through adjustment allowance accounts. The allowance accounts are used to record: the accumulated amortization of any shortfall or excess between the liability for public sector pensions determined on an actuarial basis for accounting purposes and the balances of the superannuation accounts, the accumulated differential between interest credited to the superannuation accounts and interest based on the actuarial obligations, and any other accounting adjustment required under the Government's accounting policies.

The legislation requires that all pension obligations arising from these plans be met. Prior to April 1, 2000, separate market invested funds were not maintained and no formal debt instruments are issued to the pension accounts by the Government in recognition of the amounts related to pensionable service for this period. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the public service, Canadian Forces and Royal Canadian Mounted Police pension plans, and for the Reserve Force Pension Plan, are transferred to the Public Sector Pension Investment Board (PSPIB) for investment in capital markets. The goal of PSPIB is to achieve maximum rates of return on investments without undue risk, while respecting the requirements and financial obligations of each of the public sector pension plans. PSPIB reports the results of the investments in an annual report tabled in Parliament.

Additional information on the above mentioned plans can be found in the annual reports of the administration of the plans that are tabled in Parliament.

i. Pension plans

Public Service Pension Plan, Canadian Forces Pension Plan including the *Reserve Force Pension Plan* and *Royal Canadian Mounted Police Pension Plan*

Under the *Public Service Superannuation Act*, the *Canadian* Forces Superannuation Act and the *Royal Canadian Mounted Police Superannuation Act*, basic pensions for these plans are generally based on the best five consecutive year's average earnings and accrue at two percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pension benefits are coordinated with benefits under the Canada/Quebec Pension Plans. Pension benefits are indexed annually on January 1 to the cost of living.

In 2012, plan members' contributions were 5.8 percent (5.5 percent in 2011) for the first nine months and 6.2 percent (5.8 percent in 2011) for the last three months on salary up to the Yearly Maximum Pensionable Earnings (YMPE) for Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) purposes and 8.4 percent (8.4 percent in 2011) for the first nine months and 8.6 percent (8.4 percent in 2011) for the last three months on salary above the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2012, the employer contribution rates were about 1.8, 2.5 and 2.0 (1.9, 2.5 and 2.2 respectively in 2011) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

Since April 1, 2000, new contributions made to these pension plans by both plan members and by the Government as the employer are credited to pension fund accounts. An amount equal to these contributions less benefits and other payments related to post March 2000 service is transferred to PSPIB to be invested in capital markets.

The superannuation accounts, which continue to record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the accounts was about 5.9 percent in 2012 (6.5 percent in 2011). The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are only flow through accounts used to transfer funds to PSPIB and as such, do not earn interest. The balance in these accounts at year-end corresponds to money that was in transit or pending transfer to PSPIB.

To reflect *Income Tax Act* restrictions on the benefits payable from registered pension plans, pension legislation contains a number of provisions to allow various federal service superannuation plans to adapt to the tax restrictions. These include Retirement Compensation Arrangements Accounts established under the *Special Retirement Arrangements Act* (SRAA), to record transactions for those pension benefits above the limits, or not permitted under the *Income Tax Act*.

Members of Parliament retiring allowances

Members of Parliament are eligible at age 55 to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. The basic allowance is based on the best five years' average sessional indemnity and accrues at a rate of 3 percent of average sessional indemnities for both Members of the House of Commons and for Senators. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60.

Members' contributions for these benefits are generally 7 percent for Members of the House of Commons and for Senators. The Government contributions are made monthly to provide for the cost (net of Members' contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of Members' contributions, are on average as follows:

	2012	2011
Members of Parliament—		
House of Commons—		
Retiring allowances account	5.0	4.3
Compensation arrangements account	8.2	7.8
The Senate—		
Retiring allowances account	3.8	3.6
Compensation arrangements account	4.8	4.7

Contributions are credited to the appropriate pension accounts. The accounts earn interest at a rate of 2.5 percent per quarter.

Pension plan for federally appointed judges

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan does not have an explicit accrual rate for benefits. Instead, the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5 percent of salary. All other judges contribute 7 percent of salary. Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from an expenditure to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to $112 million ($108 million in 2011). At March 31, 2012, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to $2,012 million ($1,895 million in 2011).

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed at least every three years for funding purposes on the major pension plans using the projected benefit method pro rated on services.

The most recent date for the actuarial valuation of each pension plan is as follows:

Public Service—March 31, 2011;

Canadian Forces—March 31, 2010;

Royal Canadian Mounted Police—March 31, 2011;

Members of Parliament—March 31, 2010;

Federally appointed judges—March 31, 2010.

Actuarial valuations for the Retirement Compensation Arrangements (RCA) related to the public service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans were done as part of the valuation of the related plan.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency identified be credited to the appropriate account or fund in equal instalments over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. During the year, credit adjustments of $6.2 million, $0.6 million and $249 million ($6.2 million, $0.6 million and nil in 2011) were made to the Retirement Compensation Arrangements Account No. 2, the Members of Parliament Retirement Compensation Arrangements Account and the Canadian Forces Pension Fund Account respectively as a result of their last actuarial valuation.

A comparable provision gives authority to deal with excesses in the superannuation accounts by debiting the appropriate account over a period of up to fifteen years. Any future surpluses identified in the Pension Funds may be dealt with by a reduction of Government and/or plan member contributions, or by withdrawing amounts from the Fund. As a result of the last actuarial valuations, no debit adjustment was made during the year (nil in 2011).

Table 6.15 presents a summary of the balances and transactions for the liability for public sector pensions. Receipts and other credits for the pension accounts consist of contributions from plan members, related contributions from the Government and participating Public Service corporations and territorial governments, transfers from other pension funds, other contributions related to actuarial liability adjustments, refunds of refundable tax and interest. Payments and other charges for the pension accounts consist of annuity payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, pension division payments, transfer value payments, transfers to other plans, remittances of refundable tax, payment of administrative expenses, debits resulting from triennial actuarial reviews, and transfers to PSPIB. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes, between the interest based on the actuarial obligations and interest credited to the pension accounts, and from any other accounting adjustment required under the Government's accounting policies.

TABLE 6.15
PUBLIC SECTOR PENSIONS

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Public Service Superannuation Account, Table 6.17	95,782,026,737	5,631,510,425	4,971,716,982	96,441,820,180
Allowance for pension adjustments	(10,913,000,000)	441,000,000	451,000,000	(10,923,000,000)
	84,869,026,737	*6,072,510,425*	*5,422,716,982*	*85,518,820,180*
Public Service Pension Fund Account, Table 6.18	231,056,338	4,414,562,027	4,503,028,674	142,589,691
Allowance for pension adjustments	1,789,000,000	1,002,000,000		2,791,000,000
	2,020,056,338	*5,416,562,027*	*4,503,028,674*	*2,933,589,691*
Canadian Forces Superannuation Account, Table 6.19	45,995,262,835	2,685,609,320	2,411,726,353	46,269,145,802
Allowance for pension adjustments	(5,553,000,000)	160,000,000	196,000,000	(5,589,000,000)
	40,442,262,835	*2,845,609,320*	*2,607,726,353*	*40,680,145,802*
Canadian Forces Pension Fund Account, Table 6.20	37,743,747	1,378,110,967	1,135,358,732	280,495,982
Allowance for pension adjustments	589,000,000	399,000,000	249,000,000	739,000,000
	626,743,747	*1,777,110,967*	*1,384,358,732*	*1,019,495,982*
Reserve Force Pension Fund Account, Table 6.21	5,026,738	56,503,731	51,806,166	9,724,303
Allowance for pension adjustments	200,000,000	25,000,000	7,000,000	218,000,000
	205,026,738	*81,503,731*	*58,806,166*	*227,724,303*
Royal Canadian Mounted Police Superannuation Account, Table 6.22	12,846,577,339	751,824,730	582,549,524	13,015,852,545
Allowance for pension adjustments	(1,416,000,000)	37,000,000	51,000,000	(1,430,000,000)
	11,430,577,339	*788,824,730*	*633,549,524*	*11,585,852,545*
Royal Canadian Mounted Police Pension Fund Account, Table 6.23	12,552,943	413,481,489	412,354,330	13,680,102
Allowance for pension adjustments	185,000,000	104,000,000		289,000,000
	197,552,943	*517,481,489*	*412,354,330*	*302,680,102*
Members of Parliament Retiring Allowances Account, Table 6.24	655,636,605	78,473,216	26,060,756	708,049,065
Allowance for pension adjustments	(235,000,000)	2,000,000	52,000,000	(285,000,000)
	420,636,605	*80,473,216*	*78,060,756*	*423,049,065*
Members of Parliament Retirement Compensation Arrangements Account, Table 6.25	215,033,218	46,454,971	30,071,923	231,416,266
Allowance for pension adjustments	166,000,000	17,000,000	18,000,000	165,000,000
	381,033,218	*63,454,971*	*48,071,923*	*396,416,266*
Retirement Compensation Arrangements (RCA) Account, Table 6.26	1,936,348,616	279,475,424	201,314,990	2,014,509,050
Allowance for pension adjustments	1,542,000,000	125,000,000	49,000,000	1,618,000,000
	3,478,348,616	*404,475,424*	*250,314,990*	*3,632,509,050*
Supplementary Retirement Benefits Account (Judges), Table 6.27	168,581,940	9,539,323		178,121,263
Allowance for pension adjustments	1,895,000,000	118,000,000	1,000,000	2,012,000,000
	2,063,581,940	*127,539,323*	*1,000,000*	*2,190,121,263*
Supplementary Retirement Benefits Account (Others), Table 6.27	534,442	61,144	20,519	575,067
Total	146,135,381,498	18,175,606,767	15,400,008,949	148,910,979,316
SUMMARY—				
Superannuation accounts	157,886,381,498	15,745,606,767	14,326,008,949	159,305,979,316
Allowance for pension adjustments	(11,751,000,000)	2,430,000,000	1,074,000,000	(10,395,000,000)
Total	146,135,381,498	18,175,606,767	15,400,008,949	148,910,979,316

Table 6.16 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the actuarial obligations under the various plans. The pension interest expenses represent the interest credited to the superannuation accounts in accordance with the pension legislation, shown net of a provision of $3,469 million ($2,568 million in 2011) and of $3,462 million ($2,758 million in 2011) in expected return on pension investments.

TABLE 6.16

SUMMARY OF TRANSACTIONS IN PUBLIC SECTOR PENSIONS THAT RESULTED IN CHARGES TO EXPENSES

(in millions of dollars)

	2011-2012										2010-2011
	Government contributions	Statutory payments	Current service cost adjustments	Net current service costs	Funding of actuarial liability adjustment	Pension Plan amendment costs	Amortization of estimation adjustments	Net pension expenses	Net pension interest expenses	Total	Total
Public Service Superannuation Account[1]	21		(47)	(26)			441	415	5,180	5,595	5,868
Public Service Pension Fund Account	2,555		164	2,719			421	3,140	417	3,557	3,505
Canadian Forces Superannuation Account	3		(6)	(3)			160	157	2,490	2,647	2,748
Canadian Forces Pension Fund Account	797		39	836	249		194	1,279	166	1,445	1,007
Reserve Force Pension Fund Account	31		17	48			(7)	41	8	49	42
Defence Services Pension Continuation Act		5		5				5		5	5
Royal Canadian Mounted Police Superannuation Account	1		(2)	(1)			37	36	701	737	771
Royal Canadian Mounted Police Pension Fund Account	274		16	290			43	333	45	378	372
Royal Canadian Mounted Police Continuation Act		15		15				15		15	16
Members of Parliament Retiring Allowances Account	9		(1)	8			2	10	17	27	33
Members of Parliament Retirement Compensation Arrangements Account	20		(2)	18	1			19	8	27	29
Retirement Compensation Arrangements (RCA) Account	112		(2)	110	6		14	130	107	237	319
Supplementary Retirement Benefits Account	3			3				3		3	3
Judges Act		112	(1)	111			29	140	92	232	220
Other (diplomatic services, lieutenant governors, etc.)		2		2				2		2	2
Subtotal	3,826	134	175	4,135	256		1,334	5,725	9,231	14,956	14,940
Less: costs already recorded in the allowance for pension adjustments of previous years					(256)			(256)		(256)	(7)
Less: contributions from the Judges plan recorded to revenues		(14)		(14)				(14)		(14)	(13)
Total	3,826	120	175	4,121			1,334	5,455	9,231	14,686	14,920

[1] Includes payments under *Supplementary Retirement Benefits Act* and various acts.

Public Service Superannuation Account

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Public Service members up to March 31, 2000.

TABLE 6.17
PUBLIC SERVICE SUPERANNUATION ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	95,782,026,737	94,568,793,168
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	5,102,398	5,741,576
Retired employees	20,698,768	23,057,162
Public Service corporation employees	391,134	331,040
Employer contributions—		
Government	20,945,400	23,197,946
Public Service corporations	319,353	361,879
Transfers from other pension funds	96,554	50,394
Interest	5,583,956,818	6,004,517,929
	5,631,510,425	6,057,257,926
	101,413,537,162	100,626,051,094
PAYMENTS AND OTHER CHARGES—		
Annuities	4,813,181,405	4,654,275,769
Minimum benefits	11,958,823	12,607,868
Pension division payments	24,986,304	23,959,826
Pension transfer value payments	31,656,672	32,279,928
Returns of contributions—		
Government employees	29,393	86,319
Public Service corporation employees	5,281	35,352
Transfers to other pension funds	12,725,067	30,752,009
Administrative expenses	77,174,037	90,027,286
	4,971,716,982	4,844,024,357
Closing balance	96,441,820,180	95,782,026,737

Public Service Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under the *Public Service Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

TABLE 6.18
PUBLIC SERVICE PENSION FUND ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	231,056,338	259,560,587
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	1,407,787,250	1,348,019,576
Retired employees	32,244,091	29,409,311
Public Service corporation employees	123,768,301	119,656,803
Employer contributions—		
Government	2,554,955,776	2,543,396,141
Public Service corporations	219,271,420	228,623,470
Transfers from other pension funds	76,535,189	71,935,751
	4,414,562,027	4,341,041,052
PAYMENTS AND OTHER CHARGES—		
Annuities	722,808,726	568,916,315
Minimum benefits	7,233,175	8,928,269
Pension division payments	14,291,852	10,096,061
Pension transfer value payments	128,000,631	97,684,827
Returns of contributions—		
Government employees	6,228,404	12,298,589
Public Service corporation employees	1,713,501	2,520,594
Transfers to other pension funds	29,691,642	40,395,688
Administrative expenses	36,786,443	37,725,355
	946,754,374	778,565,698
Receipts and other credits less payments and other charges	3,467,807,653	3,562,475,354
Transfers to Public Sector Pension Investment Board	3,556,274,300	3,590,979,603
Closing balance	142,589,691	231,056,338

Canadian Forces Superannuation Account

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Forces members up to March 31, 2000.

TABLE 6.19

CANADIAN FORCES SUPERANNUATION ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	45,995,262,835	45,490,149,408
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	2,971,520	3,275,068
Contributions by the Government	2,971,520	3,275,068
Interest	2,679,671,878	2,886,559,132
Other	(5,598)	1,714,620
	2,685,609,320	2,894,823,888
	48,680,872,155	48,384,973,296
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	2,363,717,408	2,331,573,264
Pension division payments	33,102,196	40,772,415
Cash termination allowances and returns of contributions	(92.369)	207,547
Transfers to Public Service Superannuation Account	272,046	168,930
Administrative expenses	14,727,072	14,601,593
Pension transfer value payments		2,386,712
	2,411,726,353	2,389,710,461
Closing balance	46,269,145,802	45,995,262,835

Canadian Forces Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

TABLE 6.20

CANADIAN FORCES PENSION FUND ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	37,743,747	38,045,434
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	322,978,551	305,907,477
Contributions by the Government	797,314,877	772,420,340
Transfers from other pension funds	8,817,539	10,936,325
Actuarial liability adjustment	249,000,000	
	1,378,110,967	1,089,264,142
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	293,002,443	189,805,910
Pension division payments	19,405,605	18,799,480
Cash termination allowances and returns of contributions	1,235,223	2,108,494
Transfers to Public Service Superannuation Account	637,811	382,989
Administrative expenses	6,251,663	5,210,609
Pension transfer value payments	(38,454)	45,159,184
	320,494,291	261,466,666
Receipts and other credits less payments and other charges	1,057,616,676	827,797,476
Transfers to Public Sector Pension Investment Board	814,864,441	828,099,163
Closing balance	280,495,982	37,743,747

Reserve Force Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after March 1, 2007 in accordance with Part I.1 of the *Canadian Forces Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

TABLE 6.21
RESERVE FORCE PENSION FUND ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	5,026,738	4,315,976
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	26,193,219	24,314,676
Contributions by the Government	30,310,512	41,521,920
	56,503,731	65,836,596
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	5,268,049	1,316,339
Cash termination allowances and returns of contributions	242,224	158,392
Administrative expenses	6,545,554	5,279,429
Pension transfer value payments	8,695,578	4,326,372
	20,751,405	11,080,532
Receipts and other credits less payments and other charges	35,752,326	54,756,064
Transfers to Public Sector Pension Investment Board	31,054,761	54,045,302
Closing balance	9,724,303	5,026,738

Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

TABLE 6.22
ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	12,846,577,339	12,595,517,080
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	692,633	758,609
Contributions by the Government	671,105	737,147
Transfers from other pension funds	19,187	
Interest	750,441,805	801,745,515
	751,824,730	803,241,271
	13,598,402,069	13,398,758,351
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	555,490,054	531,518,582
Pension division payments	11,741,292	10,668,303
Returns of contributions	135,530	33,417
Cash termination allowance and gratuities	88,643	138,380
Commuted value payments	1,186,567	1,095,753
Transfers to other pension funds	33,473	72,988
Interest on returns of contributions	384,576	40,812
Administrative expenses	13,489,389	8,612,777
	582,549,524	552,181,012
Closing balance	13,015,852,545	12,846,577,339

Royal Canadian Mounted Police Pension Fund Account

This account is used to record the transactions in respect of service accrued on or after April 1, 2000 under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions, net of benefits and other payments, is transferred to PSPIB to be invested in financial markets. The closing balance in this account represents amounts in transit or pending transfer to PSPIB.

TABLE 6.23

ROYAL CANADIAN MOUNTED POLICE PENSION FUND ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	12,552,943	13,204,037
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	134,622,976	128,533,719
Contributions by the Government	274,087,208	272,898,310
Transfers from other pension funds	4,771,305	2,492,582
	413,481,489	403,924,611
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	64,422,211	51,981,566
Minimum benefits	25,432	162,249
Pension division payments	5,830,559	4,221,403
Returns of contributions	197,338	169,327
Commuted value payments	4,970,625	3,453,132
Transfers to other pension funds	196,950	415,084
Interest on returns of contributions	87,962	29,712
Administrative expenses	5,698,931	3,200,111
	81,430,008	63,632,584
Receipts and other credits less payments and other charges	332,051,481	340,292,027
Transfers to Public Sector Pension Investment Board	330,924,322	340,943,121
Closing balance	13,680,102	12,552,943

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

TABLE 6.24

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	655,636,605	606,714,383
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	1,909,180	1,822,702
Arrears of principal, interest and mortality insurance	55,795	17,615
Government contributions—		
Current	9,002,051	7,618,115
Interest	67,506,190	62,459,846
	78,473,216	71,918,278
	734,109,821	678,632,661
PAYMENTS AND OTHER CHARGES—		
Annual allowances	24,682,295	22,996,056
Withdrawal allowances	631,823	
Interest on withdrawals	34,297	
Pension division payments	506,103	
Transfers to other pension funds	206,238	
	26,060,756	22,996,056
Closing balance	708,049,065	655,636,605

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members.

TABLE 6.25

MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	215,033,218	197,463,495
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	2,720,006	2,677,739
Arrears of principal, interest and mortality insurance	29,143	28,058
Government contributions—		
Current	20,398,894	19,084,944
Interest	22,706,928	20,980,723
Actuarial liability adjustment	600,000	600,000
	46,454,971	43,371,464
	261,488,189	240,834,959
PAYMENTS AND OTHER CHARGES—		
Annual allowances	11,777,488	8,985,433
Refundable tax remitted to Canada Revenue Agency	16,792,405	16,820,431
Withdrawals	980,077	(4,123)
Interest on withdrawals	56,875	
Pension division payments	465,078	
	30,071,923	25,801,741
Closing balance	231,416,266	215,033,218

Retirement Compensation Arrangements (RCA) Account

The RCA was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA No.1 pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No.1 was created effective December 15, 1994.

The RCA No.2 pays benefits to Public Service employees who were between the ages of 50 and 54 and declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No.2 was created April 1, 1995 and is funded entirely by the Government.

TABLE 6.26

RETIREMENT COMPENSATION ARRANGEMENTS (RCA) ACCOUNT

	RCA No.1						RCA No.2			
	Public Service		Canadian Forces		Royal Canadian Mounted Police		Public Service		Total	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
	$	$	$	$	$	$	$	$	$	$
Opening balance	837,356,493	767,691,100	286,772,081	255,794,444	29,215,163	27,671,517	783,004,879	796,582,812	1,936,348,616	1,847,739,873
RECEIPTS AND OTHER CREDITS										
Contributions										
Government employees	9,257,839	9,162,488	2,171,681	2,423,263	174,199	215,749			11,603,719	11,801,500
Retired employees	291,943	352,284							291,943	352,284
Public Service corporation employees	1,854,675	1,578,249							1,854,675	1,578,249
Employer contributions										
Government	83,088,699	81,975,312	27,357,389	50,821,804	1,445,775	1,622,365			111,891,863	134,419,481
Public Service corporations	16,497,736	14,375,676							16,497,736	14,375,676
Transfers from other pension funds	2,624	24,564							2,624	24,564
Refundable tax							15,138,996	12,671,024	15,138,996	12,671,024
Interest	51,901,715	52,072,718	17,608,104	17,968,650	1,764,075	1,829,312	44,719,974	49,588,508	115,993,868	121,459,188
Actuarial liability adjustment							6,200,000	6,200,000	6,200,000	6,200,000
	162,895,231	159,541,291	47,137,174	71,213,717	3,384,049	3,667,426	66,058,970	68,459,532	279,475,424	302,881,966
	1,000,251,724	927,232,391	333,909,255	327,008,161	32,599,212	31,338,943	849,063,849	865,042,344	2,215,824,040	2,150,621,839
PAYMENTS AND OTHER CHARGES										
Annuities	17,879,635	15,705,840	3,341,264	2,622,836	643,980	495,302	82,837,855	82,037,465	104,702,734	100,861,443
Minimum benefits	119,759	77,165							119,759	77,165
Pension division payments	146,586	391,575	311,192	60,304	18,004	22,359			475,782	474,238
Transfer value and interest	401,340	426,839	609,646	462,189					1,010,986	889,028
Returns of contributions										
Government employees	52	26,276	244	2,002		11,900			296	40,178
Public Service corporation employees	161	16,841							161	16,841
Transfers	1,004,622	2,266,316				5,942			1,004,622	2,272,258
Refundable tax	70,535,336	70,965,046	22,074,394	37,088,749	1,390,920	1,588,277			94,000,650	109,642,072
	90,087,491	89,875,898	26,336,740	40,236,080	2,052,904	2,123,780	82,837,855	82,037,465	201,314,990	214,273,223
Closing balance	910,164,233	837,356,493	307,572,515	286,772,081	30,546,308	29,215,163	766,225,994	783,004,879	2,014,509,050	1,936,348,616

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act* to provide for pension benefit increases resulting from changes in the Consumer Price Index.

The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 6.27

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

	Judges		Others [1]		Total	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
	$	$	$	$	$	$
Opening balance	168,581,940	158,741,888	534,442	544,741	169,116,382	159,286,629
RECEIPTS AND OTHER CREDITS—						
Employee contributions—						
Government	3,143,016	2,999,182	27,842	17,661	3,170,858	3,016,843
Matching contributions—						
Government	3,143,016	2,999,182	22,048	19,779	3,165,064	3,018,961
Interest	3,253,291	3,841,688	11,254	13,236	3,264,545	3,854,924
	9,539,323	9,840,052	61,144	50,676	9,600,467	9,890,728
	178,121,263	168,581,940	595,586	595,417	178,716,849	169,177,357
PAYMENTS AND OTHER CHARGES—						
Annuities			20,519	16,891	20,519	16,891
Returns of contributions				44,084		44,084
			20,519	60,975	20,519	60,975
Closing balance	178,121,263	168,581,940	575,067	534,442	178,696,330	169,116,382

[1] Includes lieutenant governors and non-career diplomats.

Allowance for Pension Adjustments

This account records the accounting adjustments resulting from annual actuarial valuations.

Estimation adjustments of $1,334 million in net losses ($1,226 million in net losses in 2011) due to experience gains and losses and changes in actuarial assumptions were amortized to this account and increased pension costs for the year.

An amount of $256 million ($7 million in 2011) was recorded in this account during the year to offset pension costs charged to expenses in previous years but recorded in the accounts in the year.

An amount of $175 million was credited ($43 million in 2011) to this account and increased pension costs to adjust for the difference between the Government contributions and the net cost of current services.

An amount of $3,469 million ($2,568 million in 2011) was credited to this account to adjust for the difference between interest based on the actuarial obligations and interest credited to the superannuation accounts and an amount of $3,462 million ($2,758 million in 2011) was recorded in this account to record the expected return on the pension investments.

As well, a consolidation adjustment of $96 million ($115 million in 2011) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unamortized estimation adjustments of $19,370 million in net losses ($13,198 million in 2011) will be amortized to this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the net liability for public sector pensions was found to be $8,975 million higher ($1,448 million higher in 2011) than the balance of the superannuation accounts, plus the market related value of the pension investments held by PSPIB and the contributions receivable from employees for past service. This amount is made up of:

	Excess (shortfall) (in millions of dollars) 2012	2011
Public Service Pension Plan—		
Public Service Superannuation Account	3,501	7,341
Public Service Pension Fund	(7,081)	(6,109)
Retirement Compensation Arrangements	(1,615)	(1,461)
	(5,195)	(229)
Canadian Forces Pension Plan—		
Canadian Forces Superannuation Account	1,856	3,453
Canadian Forces Pension Fund	(2,897)	(2,566)
Reserve Force Pension Fund	(78)	(112)
Retirement Compensation Arrangements	(147)	(124)
	(1,266)	651
Royal Canadian Mounted Police Pension Plan—		
Royal Canadian Mounted Police Superannuation Account	457	919
Royal Canadian Mounted Police Pension Fund	(759)	(702)
Retirement Compensation Arrangements	(6)	(20)
	(308)	197
Members of Parliament Pension Plan—		
Members of Parliament Retiring Allowances	258	224
Retirement Compensation Arrangements	(177)	(172)
	81	52
Pension plan for federally appointed judges	(2,287)	(2,119)
Total	(8,975)	(1,448)

Other employee and veteran future benefits

The Government sponsors a variety of other future benefit plans from which employees and former employees (including military or Royal Canadian Mounted Police members) can benefit during or after employment or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependents. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include the Public Service Health Care Plan and the Pensioners' Dental Services Plan available to retired employees and retired military and Royal Canadian Mounted Police members and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate. Table 6.28 presents the balance of these liabilities at year-end.

TABLE 6.28

OTHER EMPLOYEE AND VETERAN FUTURE BENEFITS

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Veterans' disability and other future benefits	31,663,000,000	4,070,000,000	3,041,000,000	32,692,000,000
Royal Canadian Mounted Police disability and other future benefits	2,597,000,000	488,000,000	112,000,000	2,973,000,000
Public Service Health Care Plan	15,023,000,000	2,091,000,000	390,000,000	16,724,000,000
Pensioners' Dental Services Plan	2,432,000,000	140,000,000	69,000,000	2,503,000,000
Severance and other benefits	5,737,000,000	1,011,000,000	1,923,000,000	4,825,000,000
Workers' compensation	754,000,000	154,000,000	110,000,000	798,000,000
Total	58,206,000,000	7,954,000,000	5,645,000,000	60,515,000,000

All of these plans are unfunded. The Public Service Health Care Plan and the Pensioners' Dental Services Plan are contributory plans. Contributions by retired plan members are made to the plans only in the year the benefits are payable to retirees. Therefore the Government's liability and costs are shown net of members' contributions. The accrued benefit obligation related to these plans is determined actuarially for accounting purposes. As at March 31, the Government's recorded liability includes the following components:

(in millions of dollars)

	2012			2011
	Accrued benefit obligation	Unamortized estimation adjustments	Future benefit liability	Future benefit liability
Veterans' disability and other future benefits	48,776	(16,084)	32,692	31,663
Royal Canadian Mounted Police disability and other future benefits	5,946	(2,973)	2,973	2,597
Public Service Health Care Plan	28,486	(11,762)	16,724	15,023
Pensioners' Dental Services Plan	3,579	(1,076)	2,503	2,432
Severance and other benefits	5,914	(1,089)	4,825	5,737
Workers' compensation	947	(149)	798	754
Total	93,648	(33,133)	60,515	58,206

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to interest on the public debt based on the average accrued benefit obligation.

In 2012, amendments were made to veteran future benefit programs providing a new supplement to veterans who meet the current eligibility requirements. The amendments resulted in a one-time past service cost of $367 million. In addition, an amendment to the employee severance benefit program was agreed upon resulting in a one-time past service cost of $160 million.

In 2011, amendments to veteran future benefit programs resulted in a net one-time past service cost of $1,034 million and the immediate recognition of net unamortized estimation adjustment gains of $316 million. In addition, an amendment to the employee severance benefit program resulted in a one-time past service cost of $32 million.

In 2012 as well as 2011, the accumulation of severance benefits for voluntary departures ceased for certains employee groups. Employees subject to these changes are being given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. The impact of the curtailments is a one-time past service cost reduction of $267 million ($8 million in 2011). In addition, the plan curtailments required the immediate recognition of net unamortized estimation adjustment losses of $122 million ($164 million in 2011), representing the portion of unamortized estimation adjustments related to the obligation for employees subject to the curtailments.

In 2012, payments of $1,152 million were made to employees affected by the curtailments of the severance benenfit plan who opted to cash out the full or partial value of their accumulated benefits, resulting in the recognition of settlement losses of $22 million and the immediate recognition of net unamortized estimation adjustment losses of $63 million.

During the year, the expense relating to these benefits was as follows:

(in millions of dollars)

	2012								2011
	Benefits earned	Plan amendments	Plan curtailments	Plan Settlements	Amortization and recognition of estimation adjustments	Net benefit expense	Interest cost	Total	Total
Veterans' disability and other future benefits	641	367			1,436	2,444	1,626	4,070	4,345
Royal Canadian Mounted Police disability and other future benefits	179				146	325	163	488	453
Public Service Health Care Plan	584				709	1,293	798	2,091	2,095
Pensioners' Dental Services Plan	58				(8)	50	90	140	192
Severance and other benefits	352	160	(267)	22	254	521	223	744	957
Workers' compensation	112				9	121	33	154	169
Total	1,926	527	(267)	22	2,546	4,754	2,933	7,687	8,211

OTHER LIABILITIES

Other liabilities include general liabilities established under the authority of section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under the authority of section 21 of the *Financial Administration Act* or of other specific legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Canada Pension Plan

The Canada Pension Plan (the Plan) is a compulsory and contributory social insurance program which is designed to provide a measure of protection to Canadian workers and their families against loss of earnings due to retirement, disability or death. Established in 1965, the Plan operates in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all pensions, benefits and expenditures incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from investment returns.

As administrator, the Government's authority to spend is limited to the Plan's net assets. At March 31, the fair value of the Plan's net assets is $166.0 billion ($151.6 billion in 2011).

The Canada Pension Plan Account (the Account) was established in the accounts of Canada to record the contributions, interest, pensions and benefits and administration expenditures of the Plan. It also records the amounts transferred to or received from the Canada Pension Plan Investment Board (the Board). The Board operates at arm's length from the Government and invests in a diversified portfolio of securities.

Amendments to the *Canada Pension Plan Act* and the *Canada Pension Plan Investment Board Act* that became effective April 1, 2004 provide for weekly transfers to the Board of any amounts held in the Account that exceed the immediate obligation of the Plan. It also allows interest to be either credited to or charged to the Account based on its closing position.

Table 6.29 presents a reconciliation between the net assets shown in the Plan's financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

TABLE 6.29

DUE TO CANADA PENSION PLAN

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Canada Pension Plan balance per audited financial statements—				
Net assets per audited financial statements	151,601,808,189	48,422,579,308	34,028,408,475	165,995,979,022
Less: Receivables, net of liabilities	3,381,988,212	4,222,272,058	3,381,988,212	4,222,272,058
Accumulated net income from Canada Pension Plan Investment Board's operations	39,791,000,000	9,496,000,000		49,287,000,000
	108,428,819,977	*34,704,307,250*	*30,646,420,263*	*112,486,706,964*
Less: transfers to Canada Pension Plan Investment Board	108,405,603,637	28,341,443,325	32,284,837,849	112,348,998,161
Deposit with the Receiver General for Canada	23,216,340	63,045,750,575	62,931,258,112	137,708,803

Receipts and other credits include:

(a) contributions at the combined employer and employee rates of 9.9 percent of pensionable earnings for the 2011 and 2012 calendar years, subject to maximum combined contributions of $4,435 and $4,613 respectively;

(b) income from the average daily operating balance deposited with the Receiver General for Canada;

(c) gains on investments held by the Board; and,

(d) payments received on overpayments established.

Payments and other charges include:

(a) pensions and benefits paid under the Plan as retirement pensions, survivors' benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability benefits to eligible contributors and their children;

(b) pensions and benefits paid and recovered from the Plan, in accordance with an agreement with a province providing a comprehensive pension plan;

(c) payments that are required to be charged to the Plan, in accordance with reciprocal agreements with other countries;

(d) costs of administration of the Plan;

(e) funds transferred to the Board; and,

(f) losses on investments held by the Board.

For additional information, the financial statements of the Plan are included with other Supplementary Statements at the end of this section. Additional information on the funding of the Plan may also be obtained from the *25th Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Government annual surplus/deficit.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and any credit needed to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

As of March 31, 2012, over 44,424 annuitants held 47,623 active contracts, each annuitant receiving an average payment of $661.00. During the year, 123 deferred annuities came into payment and another 43 deferred contracts were terminated at or before maturity, due to death, small refunds or unclaimed funds. Therefore, as of March 31, 2012, there were 762 outstanding deferred annuities, the last of which will come into payment around the year 2030.

During the 2011-2012 fiscal year, 4,041 annuities were terminated or adjusted as a result of annuitant deaths: 2,630 group certificates and 1,411 individual contracts. The average age at death for males was 86.5 while the female age at death averaged 89.9.

Total income amounted to $14.6 million, $14.2 million of which represented interest of 7 percent credited to the Account. Premiums received totaled $11,635. Total disbursements of $33.1 million originated mainly from the $32.8 million in payments made under matured annuities. An amount of $68,963 was used to refund premiums at death before maturity or when the annuity would have been too small, and $62,652 was transferred to the Government's revenues as a result of unclaimed annuities.

The opening balance of $221.3 million was reduced due to charges exceeding income by $18.6 million during 2011-2012. Since the actuarial reserves required as of March 31, 2012 were only $201.6 million, an excess amount of $1.2 million was transferred to the Government's revenues.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.30 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 6.30

DEPOSIT AND TRUST ACCOUNTS

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Deposit accounts—				
Agriculture and Agri-Food—				
Contractors' security deposits—Certified cheques	53,146	23,600	48,146	28,600
Canadian Dairy Commission—				
Canadian Dairy Commission account	166,336	22,884,520	8,185,044	14,865,812
Canadian Food Inspection Agency—				
Contractors' security deposits—Cash	1,783	71,889		73,672
	221,265	*22,980,009*	*8,233,190*	*14,968,084*
Canada Revenue Agency—				
Guarantee deposits	107,892,117	52,172,144	31,372,509	128,691,752
Less: securities held in trust	250,000	110,000		140,000
	107,642,117	*52,282,144*	*31,372,509*	*128,551,752*
Finance—				
Canada Development Investment Corporation—				
Holdback—Privatization	39,624,474	303,580	14,000,000	25,928,054
Canada Hibernia Holding Corporation—				
Abandonment reserve fund	94,316,477	771,845		95,088,322
Swap collateral deposit	400,153,920	1,629,917,220	1,005,129,085	1,024,942,055
	534,094,871	*1,630,992,645*	*1,019,129,085*	*1,145,958,431*
Fisheries ans Oceans—				
Guarantee deposits—Fish Habitat Preservation	5,000			5,000
Human Resources and Skills Development—				
Canada Labour Code—Other	102,290	549,288	553,765	97,813
Canada Labour Code—Wage recovery appeals	1,699,408	973,710	289,995	2,383,123
Fair wages deposit account	587			587
	1,802,285	*1,522,998*	*843,760*	*2,481,523*
Indian Affairs and Northern Development—				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	992,587			992,587
Guarantee deposits	355,134,977	236,337,637	29,424,307	562,048,307
Less: securities held in trust	341,250,144	26,483,391	232,876,643	547,643,396
	13,884,833	*262,821,028*	*262,300,950*	*14,404,911*
Guarantee deposits—Oil and gas	518,307,598	139,324,430	46,808,702	610,823,326
Less: securities held in trust	515,678,748	42,228,701	136,494,916	609,944,963
	2,628,850	*181,553,131*	*183,303,618*	*878,363*
Guarantee deposits—Reserve resources	766,953			766,953
Special accounts—Section 63, Indian Act	87,631			87,631
Less: deposits in special bank accounts	87,631			87,631
	18,273,223	*444,374,159*	*445,604,568*	*17,042,814*
Justice—				
Courts Administration Service—				
Security for costs	50,090	39,041	25,000	64,131
Supreme Court of Canada—				
Security for costs	389,866	1,666	1,012	390,520
	439,956	*40,707*	*26,012*	*454,651*

TABLE 6.30

DEPOSIT AND TRUST ACCOUNTS—*Continued*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Natural Resources—				
Guarantee deposits—Oil and gas	245,052,862	272,726,623	4,562,119	513,217,366
Less: securities held in trust	240,636,218	61,945,538	329,944,165	508,634,845
	4,416,644	*334,672,161*	*334,506,284*	*4,582,521*
Privy Council—				
Chief Electoral Officer—				
Candidates' and committees' deposits—				
Election and referendum	97,000	1,600,000	1,568,000	129,000
Public Safety and Emergency Preparedness—				
Canada Border Services Agency—				
Guarantee deposits	9,124,581	4,372,712	1,623,878	11,873,415
Less: securities held in trust	137,300		24,000	113,300
	8,987,281	*4,372,712*	*1,599,878*	*11,760,115*
General security deposits	5,199,945	271,872		5,471,817
Immigration guarantee fund	25,404,526	7,269,271	7,893,834	24,779,963
Temporary deposits received from importers	77,469	1,581,639	680,549	978,559
	39,669,221	*13,495,494*	*10,174,261*	*42,990,454*
Royal Canadian Mounted Police—				
Contractors' security deposits—Cash	184,439	295,064	119,900	359,603
	39,853,660	*13,790,558*	*10,294,161*	*43,350,057*
Public Works and Government Services—				
Contractors' security deposits—Cash	4,127,083	5,258,924	4,516,182	4,869,825
Deposits on disposals	830,329	8,101,990	7,862,977	1,069,342
Seized property—Cash	70,458,683	36,359,409	28,460,657	78,357,435
	75,416,095	*49,720,323*	*40,839,816*	*84,296,602*
Other departments and agencies—				
Contractors' security deposits—				
Bonds	2,688,241			2,688,241
Less: securities held in trust	2,688,241			2,688,241
Cash	3,454,017	15,418,216	14,519,338	4,352,895
Total deposit accounts	785,716,133	2,567,393,920	1,906,936,723	1,446,173,330
Trust accounts—				
Human Resources and Skills Development—				
Indian Residential Schools Settlement Agreement—				
Common Experience Payments	354,175,538	2,822,069	19,832,327	337,165,280
Indian Affairs and Northern Development—				
Indian band funds—				
Capital accounts, Table 6.31	847,174,241	196,841,920	395,660,030	648,356,131
Revenue accounts, Table 6.32	244,753,616	75,791,146	86,797,882	233,746,880
	1,091,927,857	*272,633,066*	*482,457,912*	*882,103,011*
Indian estate accounts	18,227,074	7,865,692	6,964,588	19,128,178
Indian savings accounts	37,893,348	2,514,291	3,657,571	36,750,068
Other trust account		1,098,644		1,098,644
	1,148,048,279	*284,111,693*	*493,080,071*	*939,079,901*
Industry—				
Restitutions under the Competition Act	1,952			1,952
National Defence—				
Estates—Armed services	344,960	1,167,703	1,228,511	284,152
Public Safety and Emergency Preparedness—				
Canadian Security Intelligence Service—				
Scholastic awards	26,910	221		27,131
Correctional Service of Canada—				
Inmates' trust fund	17,340,217	44,394,118	44,114,297	17,620,038
Royal Canadian Mounted Police—				
Benefit trust fund	2,257,932	78,592	175,972	2,160,552
	19,625,059	*44,472,931*	*44,290,269*	*19,807,721*

TABLE 6.30

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Veterans Affairs—				
Administered accounts	348,855	58,166	262,081	144,940
Estates fund	1,353,713	16,868	840,944	529,637
Veterans administration and welfare trust fund	1,619,774	159,558	163,842	1,615,490
	3,322,342	*234,592*	*1,266,867*	*2,290,067*
Total trust accounts	1,525,518,130	332,808,988	559,698,045	1,298,629,073
Total deposit and trust accounts	2,311,234,263	2,900,202,908	2,466,634,768	2,744,802,403

Contractors' security deposits—Certified cheques—Agriculture and Agri-Food

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

Contractors' security deposits—Cash—Canadian Food Inspection Agency

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Guarantee deposits—Canada Revenue Agency

This account was established to record cash securities required to guarantee payment of Goods and Services Tax (GST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Agency are made up of cash deposited to the Consolidated Revenue Fund.

Holdback—Privatization—Canada Development Investment Corporation

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Abandonment reserve fund—Canada Hibernia Holding Corporation

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

Swap collateral deposit

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

Included in this account is $410 million CAD and $615 million US.

Guarantee deposits—Fish Habitat Preservation

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

Canada Labour Code—Other

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are wage payments ordered by a Labour inspector in settlement of a wages dispute, which the employer has chosen to pay to the Minister of Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

Canada Labour Code—Wage recovery appeals

This account was established to record amounts received under the provisions of section 251.1 of the Canada Labour Code Part III. This requires federally-regulated employers who wish to appeal a payment order made by a Labour inspector regarding wages due to employees, to forward the amounts due to the Minister of Labour for deposit. They are held until the appeal is completed and the adjudicator has directed payment of the disputed amount to the employee or return to the employer. Deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

Fair wages deposit account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act* and of the *Northwest Territories Waters Act* and various regulations under the *Territorial Lands Act*. Interest is not allowed on cash deposits.

Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established to record securities in the form of cash, promissory notes, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence issued in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits—Reserve resources

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*. Interest is allowed on cash deposits.

Special accounts—Section 63, Indian Act

This account was established to record funds held for Indians in authorized banks across Canada. These funds include such items as deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands. This is a non-interest bearing account.

Security for costs—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

Security for costs—Supreme Court of Canada

This account was established to record security to the value of $500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits—Oil and gas—Natural Resources

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Candidates' and committees' deposits—Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

Guarantee deposits—Canada Border Services Agency

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with section 148 of the *Immigration and Refugee Protection Act*.

Immigration guarantee fund

This account was established to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown pursuant to sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

Contractors' security deposits—Cash—Royal Canadian Mounted Police

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Contractors' security deposits—Cash—Public Works and Government Services

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Deposits on disposals

This account was established in accordance with the terms and conditions of the Real Property Disposition Revolving Fund to record receipts on disposals of properties.

Seized property—Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

Contractors' security deposits—Other departments and agencies

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Indian Residential Schools Settlement Agreement—Common Experience Payments

This account was established pursuant to section 21 of the *Financial Administration Act*, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments to eligible former students of recognized Indian Residential Schools. The account is credited with interest pursuant to section 21(2) of the *Financial Administration Act*. The Designated Amount Fund is co-administered by Indian Affairs and Northern Development and Human Resources and Skills Development.

Indian band funds

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

TABLE 6.31

INDIAN BAND FUNDS—CAPITAL ACCOUNTS

	2011-2012	2010-2011
	$	$
Opening balance	847,174,241	784,067,490
RECEIPTS AND OTHER CREDITS—		
Oil royalties	133,640,485	95,504,770
Gas royalties	42,045,646	42,861,027
Sundries	21,155,789	57,524,370
	196,841,920	195,890,167
	1,044,016,161	979,957,657
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	22,826,654	20,831,200
Transfer pursuant to section 64 of the Indian Act	372,044,131	111,952,216
Sundries	789,245	
	395,660,030	132,783,416
Closing balance	648,356,131	847,174,241

TABLE 6.32

INDIAN BAND FUNDS—REVENUE ACCOUNTS

	2011-2012	2010-2011
	$	$
Opening balance	244,753,616	242,084,170
RECEIPTS AND OTHER CREDITS—		
Government interest	27,938,832	37,960,230
Land and other claim settlements	6,565,980	1,025,000
Sundries	41,286,334	40,336,930
	75,791,146	79,322,160
	320,544,762	321,406,330
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	1,455,634	1,629,800
Transfer pursuant to section 69 of the Indian Act	76,615,788	71,500,539
Sundries	8,726,460	3,522,375
	86,797,882	76,652,714
Closing balance	233,746,880	244,753,616

Indian estate accounts

These accounts were established to record funds received and disbursed for estates of deceased Indians, mentally incompetent Indians and missing Indians pursuant to sections 42 to 51 and 52.3 of the *Indian Act*.

Indian savings accounts

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

Other trust account

This account was established pursuant to the Claim 138 Settlement Agreement to deposit Manitoba Hydro's instalments due to Canada, as per the 1988 Infrastructure Agreement and article 6.2 of the 1977 Northern Flood Agreement, for the portion applicable to the First Nation. The money received by Manitoba Hydro will be kept in this account until the conclusion of the Claim 138 Settlement Agreement.

Restitutions under the Competition Act

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

Estates—Armed services

This account was established to record the service estates pursuant to section 42 of the *National Defence Act* of officers and non-commissioned members who die during their service in the Canadian Forces. Under the administration of the Judge Advocate General, in his capacity as Director of Estates, net assets of estates are distributed to the lawful representative of the personal estate.

Scholastic awards

This account was established to record donations of $26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

Administered accounts

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: *(a)* pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and, *(b)* benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

Veterans administration and welfare trust fund

This account was established to record donations, legacies, gifts, bequests, etc. received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.33 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 6.33
OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Insurance and death benefit accounts—				
Human Resources and Skills Development—				
Civil service insurance fund	5,271,084	594	221,504	5,050,174
National Defence—				
Regular Force Death Benefit Account, Table 6.34	191,894,345	30,239,556	31,830,803	190,303,098
Treasury Board—				
Public Service Death Benefit Account, Table 6.35	2,960,956,312	283,917,724	164,082,537	3,080,791,499
Veterans Affairs—				
Returned soldiers' insurance fund	12,256		4,990	7,266
Veterans insurance fund	3,599,572	17,432	478,739	3,138,265
	3,611,828	*17,432*	*483,729*	*3,145,531*
Total insurance and death benefit accounts	3,161,733,569	314,175,306	196,618,573	3,279,290,302
Pension accounts—				
Foreign Affairs and International Trade—				
Locally engaged contributory pension account		228,658		228,658
Human Resources and Skills Development—				
Annuities agents' pension account	208	1,027	814	421
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Dependants' pension fund	26,090,424	1,468,268	3,389,183	24,169,509
Total pension accounts	26,090,632	1,697,953	3,389,997	24,398,588
Other accounts—				
Agriculture and Agri-Food—				
AgriInvest Program	241,675,529	359,593,632	544,553,120	56,716,041
AgriStability Program	53,073,036	63,475,295	57,702,604	58,845,727
Canadian Food Inspection Agency—				
Shared-cost agreements	1,811,628	756,554	1,036,261	1,531,921
	296,560,193	*423,825,481*	*603,291,985*	*117,093,689*
Atlantic Canada Opportunities Agency—				
Federal/provincial agreement—Advance account	360,239	450,000	314,101	496,138
Canada Revenue Agency—				
Deposits/Disbursements—Worker's Compensation Board	61,738	246,683,722	245,765,056	980,404
Canadian Heritage—				
Miscellaneous projects deposits	119,618	28,620		148,238
Library and Archives of Canada—				
Special Operating Account	293,114	282,191	260,922	314,383
Telefilm Canada—				
Advance account	37,238,535	139,103,956	135,254,141	41,088,350
	37,651,267	*139,414,767*	*135,515,063*	*41,550,971*
Citizenship and Immigration—				
Immigrant investor program	65,600,000	937,892,093	811,972,000	191,520,093

TABLE 6.33

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Environment—				
Parks Canada Agency—				
Miscellaneous projects deposits	3,134,631	894,157	3,155,030	873,758
Finance—				
Common school funds—Ontario and Quebec	2,677,771			2,677,771
Foreign claims fund	179,020			179,020
War claims fund—World War II	4,236			4,236
	2,861,027			*2,861,027*
Fisheries and Oceans—				
Federal/provincial cost-sharing agreements	680,139	399,505	816,196	263,448
Miscellaneous projects deposits	28,304,078	32,252,692	17,648,256	42,908,514
Sales of seized assets	691,436	653,000	402,287	942,149
	29,675,653	*33,305,197*	*18,866,739*	*44,114,111*
Foreign Affairs and International Trade—				
Canada Foundation account	358,522		26,029	332,493
Less: securities held in trust	351,370	34,752		316,618
deposits in a special bank account	7,152		8,723	15,875
		34,752	*34,752*	
Financial assistance to Canadians abroad	117,048	1,023,695	972,643	168,100
Funds from non-governmental organizations	1,332,345	8,726,739	6,771,603	3,287,481
Shared-cost agreements	1,099		1,099	
Shared-cost projects	11,565,918	7,133,436	8,446,012	10,253,342
Canadian International Development Agency—				
Shared-cost projects—Support to various programs	1,852	602,189	65,300	538,741
	13,018,262	*17,520,811*	*16,291,409*	*14,247,664*
Health—				
Collaborative research projects	2,978,380	945,336	827,772	3,095,944
Miscellaneous federal/provincial projects	1,179,504	611,445	28,625	1,762,324
World Health Organization	104,515	17,264	17,226	104,553
Public Health Agency of Canada—				
Collaborative research projects	1,283,555	240,452	331,173	1,192,834
Miscellaneous federal/provincial projects	986,197			986,197
	6,532,151	*1,814,497*	*1,204,796*	*7,141,852*
Human Resources and Skills Development—				
Canada Millennium Scholarship Foundation Excellence Awards	7,260,772		4,089,467	3,171,305
Federal/provincial collaborative agreement	1,441	41,990,788	41,844,209	148,020
Federal/provincial shared-cost project	393,593	145,927	32,619	506,901
Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)	2,267,987	1,069,367	828,281	2,509,073
Labour standards suspense account	1,510,751	1,231	648	1,511,334
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-British Columbia	4,776,969	190,925,069	189,083,507	6,618,531
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Newfoundland and Labrador	8,362,228	116,000,000	115,504,203	8,858,025
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Nova Scotia	5,022,642	42,000,000	42,829,476	4,193,166
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Ontario	1,269		382	887
Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Yukon Territory	570,816	2,258,365	2,386,748	442,433
Canadian Centre for Occupational Health and Safety—				
Shared-cost agreements	42,500			42,500
	30,210,968	*394,390,747*	*396,599,540*	*28,002,175*

TABLE 6.33

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Indian Affairs and Northern Development—				
Indian special accounts	391,720	3,233		394,953
Indian band funds—				
Shares and certificates	20,000			20,000
Less: securities held in trust	20,000			20,000
Indian compensation funds	222,340			222,340
Indian moneys suspense account	48,575,348	42,280,863	34,086,174	56,770,037
Non-Indian moneys	1,485,948	38,813,838	38,672,333	1,627,453
	50,675,356	*81,097,934*	*72,758,507*	*59,014,783*
Industry—				
Canada/Provinces Business Service Centre	26,822	400,000	255,162	171,660
Income from securities in trust—Bankruptcy and Insolvency Act	52,031			52,031
Petro-Canada Enterprises Inc—Unclaimed shares	689,150			689,150
Securities in trust—Bankruptcy and Insolvency Act	31,266			31,266
Less: securities held in trust	31,266			31,266
Shared-cost/joint project agreements—Research	169,036	90,000	164,929	94,107
Shared-cost projects	1,068,094	519,677	676,984	910,787
Unclaimed dividends and undistributed assets—				
Bankruptcy and Insolvency Act	21,839,688	2,456,542	1,065,037	23,231,193
Canada Business Corporations Act	8,984,900	320,226	98,699	9,206,427
Winding-up and Restructuring Act	1,907,518			1,907,518
Canadian Space Agency—				
Radarsat	97,461			97,461
Statistics Canada—				
Project deposits	4,215,131	115,302,543	116,317,674	3,200,000
	39,049,831	*119,088,988*	*118,578,485*	*39,560,334*
Justice—				
Courts Administration Service—				
Special account	5,899,152	4,846,398	4,280,213	6,465,337
National Defence—				
Foreign governments—				
United Kingdom—				
British Army—Suffield, Alberta	658,194	14,766,163	8,585,590	6,838,767
Security	3,098,070		3,098,070	
Communications Security Establishment—				
Foreign Partners—				
Security		2,611,933	358,442	2,253,491
	3,756,264	*17,378,096*	*12,042,102*	*9,092,258*
Joint research and development projects	4,776,490		2,253,191	2,523,299
Non-government agencies	3,546,358	284,638		3,830,996
	12,079,112	*17,662,734*	*14,295,293*	*15,446,553*
Natural Resources—				
Market development incentive payments—Alberta	4,651,588		66,478	4,585,110
Newfoundland Offshore Revenue Account		856,904,441	856,904,441	
Nova Scotia Offshore Revenue Account		149,111,148	149,111,148	
Shared-cost agreements—Research	4,398,710	1,538,290	1,504,396	4,432,604
Shared-cost projects	2,247,665	4,988,385	2,711,941	4,524,109
Canadian Nuclear Safety Commission—				
Security equipment purchases	225,982	108,633	307,230	27,385
	11,523,945	*1,012,650,897*	*1,010,605,634*	*13,569,208*
Privy Council—				
Shared-cost projects—Media travel expenses	772,988	864,391	1,473,917	163,462
Public Safety and Emergency Preparedness—				
Royal Canadian Mounted Police—				
Joint research and development projects	1,178,059	216,519		1,394,578
Seized assets—Canadian funds	650,222			650,222
	1,828,281	*216,519*		*2,044,800*

TABLE 6.33

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/2011	Receipts and other credits	Payments and other charges	March 31/2012
	$	$	$	$
Public Works and Government Services—				
Credit card—Special project fund	924,992			924,992
Francophone Summits	11,681	61,635	53,694	19,622
Military purchases excess funds deposit	201,377,504	4,515,370		205,892,874
Less: securities held in trust	201,377,504		4,515,370	205,892,874
		4,515,370	*4,515,370*	
	936,673	*4,577,005*	*4,569,064*	*944,614*
Veterans Affairs—				
Shared-cost agreements	19,344	103,236	107,718	14,862
Total	608,450,811	3,437,299,574	3,459,644,550	586,105,835
Less: consolidation adjustment(1)	37,238,535		3,849,815	41,088,350
Total other accounts	571,212,276	3,437,299,574	3,463,494,365	545,017,485
Total other specified purpose accounts	3,759,036,477	3,753,172,833	3,663,502,935	3,848,706,375

(1) Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

Civil service insurance fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the public service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively.

The number of policies in force as of March 31, 2012 was 881 and the average age of the policyholders was 90.9 years. During the year, premiums of $595 were received. Death benefits, settlement annuities and premium refunds of $208,997 were paid during 2011-2012.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at $5,050,174 as at March 31, 2012. The balance in the Account as at March 31, 2012 is $5,062,681. The surplus as at March 31, 2012 is therefore $12,507. Pursuant to subsection 16(3) of the Civil Service Insurance Regulations, an amount of $12,507 has therefore been debited to the Account in 2011-2012.

Regular Force Death Benefit Account

This account was established by the *Canadian Forces Superannuation Act* to provide life insurance to contributing members and former members of the Canadian Forces. Receipts and other credits consist of: *(a)* contributions by participants; *(b)* Government's contribution paid in respect of participants; *(c)* single premiums payable by the Government in respect of participants who became entitled to a basic benefit of $5,000 without contribution; and, *(d)* interest.

Payments and other charges consist of: *(a)* benefits paid in respect of participants; *(b)* benefits paid in respect of elective; and, *(c)* the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 6.34

REGULAR FORCE DEATH BENEFIT ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	191,894,345	192,112,934
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel	16,553,156	16,545,919
Government's contribution	2,022,716	1,977,320
Single premiums payable by the Government in respect of regular force participants who became entitled to a basic benefit of $5,000 without contribution	528,448	461,229
Interest	11,135,236	12,103,422
	30,239,556	31,087,890
	222,133,901	223,200,824
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular force, or who were elective regular force participants	31,830,803	31,306,479
Closing balance	190,303,098	191,894,345

Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the Public Service.

The account is credited with: *(a)* contributions by employees; *(b)* contributions by the Government and Public Service corporations; and, *(c)* interest. Payments and other charges represent: *(a)* benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, *(b)* benefits of $10,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for $10,000 death benefit coverage for life has been made.

TABLE 6.35

PUBLIC SERVICE DEATH BENEFIT ACCOUNT

	2011-2012	2010-2011
	$	$
Opening balance	2,960,956,312	2,828,860,022
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public Service corporations	95,086,508	92,653,997
Government—		
General	10,304,111	9,951,785
Single premium for $10,000	2,288,074	1,954,998
Public Service corporations	1,215,734	1,153,071
Interest	175,023,297	181,929,477
	283,917,724	287,643,328
	3,244,874,036	3,116,503,350
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General	123,575,276	119,283,549
Life coverage for $10,000	40,433,206	36,154,611
Other death benefit payments	74,055	108,878
	164,082,537	155,547,038
Closing balance	3,080,791,499	2,960,956,312

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2011 of $2,768 was charged to the account during the year and was credited to revenues. The final date on which application for this insurance could have been received was August 31, 1933.

Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2011 of $17,137 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

Locally engaged contributory pension account

This account was established to record benefits paid to locally engaged staff hired prior to March 1, 2009 at the Canadian High Commission in Guyana upon termination of their employment. The specified purpose account was established following the liquidation of CLICO Life and General Insurance Company (South America) Limited.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

Dependants' pension fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

AgriInvest Program

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producers specified purpose accounts are then drawn down as AgriInvest account holders request withdrawals or when the funds are transferred to a financial institution.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

AgriStability Program

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost-shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

Shared-cost agreements—Canadian Food Inspection Agency

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

Federal/provincial agreement—Advance account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Deposits/Disbursements—Worker's Compensation Board

This account was established under the authority of the Canada Revenue Agency Act and the *Worker's Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Worker's Compensation Board of Nova Scotia, as part of a partnership arrangement between the Agency and the Board.

Miscellaneous projects deposits—Canadian Heritage

This account was established to record contributions received from organizations and individuals for various projects.

Special Operating Account

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that *(a)* the account be credited with funds received for the purpose of the Library and Archives Canada by way of donation, bequest or otherwise and *(b)* any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Advance account—Telefilm Canada

This account was established pursuant to section 19 of the *Telefilm Canada Act*, to reserve for use in future years, funds generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Immigrant investor program

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section 91(d) of the Immigration and Refugee Protection Regulations. This program allows qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

Miscellaneous projects deposits—Parks Canada Agency

This account was established to record contributions received from organizations and individuals for various projects.

Common school funds—Ontario and Quebec

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of $133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on the public debt.

Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: *(a)* such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, *(b)* all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: *(a)* to eligible claimants for compensation in respect of World War II; *(b)* of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, *(c)* of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the advancement of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs and International Trade on behalf of third parties.

Shared-cost agreements—Foreign Affairs and International Trade

This account was established to record funds received from the United States and the Mexican Sections of the NAFTA Secretariat, for the development and administration of common information management systems.

Shared-cost projects—Foreign Affairs and International Trade

This account was established to record funds received from organizations outside the Government of Canada accounting entity for shared-cost projects.

Shared-cost projects—Support to various programs

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support a water management program and various programs in the education sector.

Collaborative research projects—Health

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects—Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

Collaborative research projects—Public Health Agency of Canada

This account was established to record funds received from client groups for cost shared and joint project research agreements.

Miscellaneous federal/provincial projects—Public Health Agency of Canada

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues which are national in scope.

Canada Millennium Scholarship Foundation Excellence Awards

The account is established pursuant to Part 4 of the *Budget Implementation Act*, 2008, and to the agreement between the Canada Millennium Scholarship Foundation (CMSF), Human Resources and Skills Development Canada (HRSDC), and Treasury Board, to transfer funds from the CMSF to HRSDC for the purpose of making any remaining payments due to students who are receiving CMSF Excellence Awards where the payment eligibility period extends past the date of dissolution of the CMSF, and for payment of the costs of administering this program on behalf of the CMSF.

The amount transferred was $14,824,352. HRSDC will administer the remaining Excellence Awards Disbursements until December 31, 2013. After this date, HRSDC will transfer any funds remaining in the account to the Consolidated Revenue Fund, as per Part 4 of the *Budget Implementation Act*, 2008.

Federal/provincial collaborative agreement

This account was established to record amounts received by Human Resources and Skills Development from a province as funding under the provisions of a collaborative agreement with the province.

Federal/provincial shared-cost project—Human Resources and Skills Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the federal Government. Disbursements are made to pay the provinces' share of costs per official agreements or to refund unused amounts.

Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provinces and territories to pay for the development and annual operating costs of the ICEMS. Advance payments are made pursuant to the "Agreement on a Joint Project to develop and implement an ICEMS" and the Capital Contingency Fund Policy. The costs incurred are charged to the account and any unexpended funds will be returned to the provinces and territories at the end of the ICEMS project.

Labour standards suspense account

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-British Columbia

This account was established to record deposits of payments from the Province of British Columbia to Human Resources and Skills Development under the LMDA. The funding provided by the Province of British Columbia is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Newfoundland and Labrador

This account was established to record deposits of payments from the Province of Newfoundland and Labrador to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Newfoundland and Labrador is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Nova Scotia

This account was established to record deposits of payments from the Province of Nova Scotia to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Nova Scotia is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Ontario

This account was established to record deposits of payments from the Province of Ontario to Human Resources and Skills Development under the LMDA. The funding provided by the Province of Ontario is used by Human Resources and Skills Development to make payments to provincial LMDA clients.

Provincial funding for collaborative arrangement—Labour Market Development Agreement (LMDA)-Yukon Territory

This account was established to record deposits of payments from the Yukon Territory to Human Resources and Skills Development under the LMDA. The funding provided by the Yukon Territory is used by Human Resources and Skills Development to make payments to territorial LMDA clients.

Shared-cost agreements—Canadian Centre for Occupational Health and Safety

This account represents funds contributed to a joint federal/provincial sponsored inquiries service provided by Canadian Centre for Occupational Health and Safety.

Indian special accounts

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

(a) Quebec fur account—This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.

(b) Off-reserve housing program—Personal Contributions—This account was established to record personal contributions held in trust until paid to the vendor, builder or legal representative. No activity was reported in the current year.

(c) Fines— *Indian Act*—Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

Indian band funds—Shares and certificates

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band.

Indian compensation funds

This holding account was established to record moneys received from the sales of Indian lands and easement compensation where the title has not been cleared nor the land survey completed.

Indian moneys suspense account

This account was established to hold moneys received for individual Indians and bands, that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

Non-Indian moneys

This account was established as per Article 5.08 (a)(ii) of the Saskatchewan Treaty Land Entitlement Framework Agreement to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties.

Canada/Provinces Business Service Centre

This account was established to record funds received from other provinces under cost-sharing agreements for the Canada-Ontario Business Service Centre.

Income from securities in trust—Bankruptcy and Insolvency Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

Petro-Canada Enterprises Inc—Unclaimed shares

This account was established by Section 227 of the *Canada Business Corporation Act* to record the liability to shareholders who have not presented their shares for payment.

Securities in trust—Bankruptcy and Insolvency Act

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Shared-cost/joint project agreements—Research

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Shared-cost projects—Industry

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Unclaimed dividends and undistributed assets—Bankruptcy and Insolvency Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up and Restructuring Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

Radarsat

This account was established to record funds received for both cost-sharing and advance payments for Radarsat scenes.

Project deposits—Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Special account—Courts Administration Service

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Foreign Partners

These accounts were established to record funds received from foreign partners, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

Joint research and development projects—National Defence

This account was established to record funds received from other governments and organizations through collaborative relationships where the work is shared between the government of Canada and other laboratories.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Market development incentive payments—Alberta

This account records funds received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986; however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

More recently, a new strategy for the expenditure of these funds has been agreed upon. This strategy consists of a 50/50 split for expending the remaining funds in support of natural gas (NG) market expansion activities related to transportation and combined heat and power applications.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland Atlantic Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Newfoundland offshore area with the Province of Newfoundland. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Nova Scotia offshore area with the Province of Nova Scotia. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements—Research—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint projects or shared-cost research agreements.

Shared-cost projects—Natural Resources

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific projects.

Security equipment purchases

Funds deposited in this account by licensees are used to provide for payment of purchases of security equipment for the licensees' facilities in accordance with security arrangements mandated pursuant to the *Nuclear Safety and Control Act*.

Shared-cost projects—Media travel expenses

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

Joint research and development projects—Royal Canadian Mounted Police

This account was established to record funds received from other government organizations in order to share costs incurred under various research project agreements.

Seized assets—Canadian funds

This account was established to record funds seized during the course of investigations and drug seizures under the Criminal Code of Canada, the *Narcotic Control Act*, the *Food and Drug Act*, the *Customs Act* and the *Excise Act*. The funds are held pending Court decisions.

Credit card—Special project fund

This account was established to record funds received from American Express (AMEX) to improve the Travel Card Program.

Francophone Summits

This account was established to record funding granted since 1994 by the "Agence intergouvernementale de la Francophonie (Paris)", which changed its name in 2006 to the "Organisation internationale de la Francophonie", for projects involving the development of French and partner languages in order to express scientific and technical modernity.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Shared-cost agreements—Veterans Affairs

This account was established to record transactions relating to share of costs incurred under federal/provincial cost-sharing agreements and funding for research and other projects at Sainte Anne's Hospital.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Canada Pension Plan have been prepared in accordance with Canadian public sector accounting standards by the management of Human Resources and Skills Development Canada (the Department).

Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgement. The financial information presented throughout the Annual Report is consistent with the financial statements.

In support of its responsibilities, management has developed and maintains systems of internal control and supporting procedures. They are designed to provide reasonable assurance that assets are safeguarded, records are properly maintained and that transactions are properly authorized and are in accordance with the *Canada Pension Plan Act*, the *Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations. These controls include the establishment of an organizational structure that provides a well defined division of responsibilities and accountability, the selection and training of qualified staff, and the communication of policies and guidelines throughout the organization. Internal controls are reviewed and evaluated by both internal and external auditors in accordance with their respective audits. Management also reviews the recommendations of its internal and external auditors for improvements in internal controls.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, has conducted an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and has reported to the Minister of Human Resources and Skills Development.

IAN SHUGART
Deputy Minister
Human Resources and
Skills Development Canada

ALAIN P. SÉGUIN, MBA, CPA, CGA
Chief Financial Officer
Human Resources and
Skills Development Canada

Gatineau, Canada
August 29, 2012

Canada Pension Plan—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2012, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Canada Pension Plan as at 31 March 2012, and the results of its operations, changes in its financial assets available for benefit payments, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Michael Ferguson, FCA
Auditor General of Canada

29 August 2012
Ottawa, Canada

Canada Pension Plan—*Continued*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31
(in millions of dollars)

	2012	2011
Financial assets		
Cash (Note 3)	151	34
Receivables (Note 4)	4,764	3,737
Investments (Note 6)	176,038	151,472
Amounts receivable from pending trades (Note 6)	2,052	1,085
	183,005	156,328
Liabilities		
Payables and accrued liabilities (Note 8)	786	514
Investment liabilities (Note 6)	13,695	2,585
Amounts payable from pending trades (Note 6)	2,587	1,675
	17,068	4,774
Financial assets available for benefit payments	165,937	151,554
Non-financial assets		
Other assets	59	47
Assets available for benefit payments	165,996	151,601

Actuarial obligation in respect of benefits (Note 13)
Contractual obligations (Note 14)
Contingent liabilities (Note 15)
The accompanying notes are an integral part of these consolidated financial statements.

Approved by:

IAN SHUGART
Deputy Minister
Human Resources and
Skills Development Canada

ALAIN P. SÉGUIN, MBA, CPA, CGA
Chief Financial Officer
Human Resources and
Skills Development Canada

Canada Pension Plan—*Continued*

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31
(in millions of dollars)

	Budget 2012	Actual 2012	Actual 2011
	(Note 9)		
Revenues			
Contributions	38,252	38,925	37,069
Net investment income (Note 10)			
Realized gains		2,163	2,929
Unrealized gains		3,449	9,159
Interest income		2,675	2,246
Dividend income		1,792	1,428
Other income		737	471
Transaction costs		(228)	(173)
Investment management fees		(650)	(500)
	7,561	9,938	15,560
	45,813	48,863	52,629
Expenses			
Pensions and benefits			
Retirement	24,659	24,527	23,184
Survivor	4,000	4,093	3,986
Disability	3,729	3,888	3,679
Disabled contributor's child	301	303	297
Death	308	296	269
Orphan	225	218	218
Net overpayments (Note 4)		(37)	(35)
	33,222	33,288	31,598
Operating expenses (Note 12)	747	1,180	850
	33,969	34,468	32,448
Net increase in assets available for benefit payments	11,844	14,395	20,181
Assets available for benefit payments, beginning of year	151,601	151,601	131,420
Assets available for benefit payments, end of year	163,445	165,996	151,601

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL ASSETS AVAILABLE FOR BENEFIT PAYMENTS
FOR THE YEAR ENDED MARCH 31
(in millions of dollars)

	Budget 2012	Actual 2012	Actual 2011
	(Note 9)		
Net increase in assets available for benefit payments	11,844	14,395	20,181
Changes in other assets		(12)	(6)
Increase in financial assets available for benefit payments	11,844	14,383	20,175
Financial assets available for benefit payments, beginning of year	151,554	151,554	131,379
Financial assets available for benefit payments, end of year	163,398	165,937	151,554

The accompanying notes are an integral part of these consolidated financial statements.

Canada Pension Plan—*Continued*

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

(in millions of dollars)

	2012	2011
Operating activities		
Cash receipts		
Contributions	37,900	37,327
Interest on operating balance	2	2
Cash payments		
Pensions and benefits	(33,262)	(31,604)
Operating expenses	(922)	(796)
Cash flows from operating activities	3,718	4,929
Financing activities		
Issuance of debt	11,857	10,878
Repayment of debt	(10,997)	(9,777)
Payment of interest on debt	(347)	(235)
Cash flows from financing activities	513	866
Investing activities		
Dividends on investments	1,656	1,328
Interest on investments	3,121	2,722
Other investment income	644	378
Investment management fees	(638)	(497)
Transaction costs	(218)	(166)
Purchases		
Equities	(76,759)	(70,032)
Real Assets	(6,161)	(8,337)
Bonds & inflation-linked bonds	(42,657)	(26,518)
Money market securities and absolute return strategies	(877,524)	(591,808)
Other debts	(8,894)	(3,712)
Premises and equipment	(27)	(21)
Disposals		
Equities	77,709	67,807
Real Assets	1,793	1,543
Bonds & inflation-linked bonds	44,759	25,777
Money market securities and absolute return strategies	876,061	593,900
Other debts	3,021	1,695
Cash flows used in investing activities	(4,114)	(5,941)
Net increase (decrease) in cash	117	(146)
Cash, beginning of year	34	180
Cash, end of year	151	34

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

1. Authority, objective and responsibilities

(a) Description of the Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the participating provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada, except Quebec, which operates the Régime de rentes du Québec (RRQ), a comparable program. The Plan's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Canada Pension Plan Investment Board (CPPIB) was established pursuant to the *Canada Pension Plan Investment Board Act*. The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada.

The Minister of Human Resources and Skills Development is responsible for the administration of the Canada Pension Plan (under the *CPP Act*); the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan Act*. It acts in the best interests of the beneficiaries and contributors under the Act.

In accordance with the *CPP Act*, the financial activities of the Canada Pension Plan are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *CPP Act* and its regulations. The Plan's investments are held by the CPPIB. The CPPIB's transactions are governed by the *Canada Pension Plan Investment Board Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly-owned subsidiaries are exempt from Part I income tax under paragraphs 149(1)(*d*) and 149 (1)(*d.2*) of the *Income Tax Act* (Canada) on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved. The financial statements of the CPPIB are audited annually by an external firm and are included in their annual report.

As stated in the CPP and CPPIB Acts, changes to these Acts require the approval of at least two-thirds of the provinces that have, in the aggregate, not less than two-thirds of the population of all included provinces.

(b) Pensions and Benefits

Retirement pensions – A retirement pension is payable to each contributor at age 60 or older, according to the provisions of the Act. The monthly amount is equal to 25 percent of the contributor's average monthly pensionable earnings during the pensionable period. The amount may be reduced or increased depending upon whether the contributor applies for a retirement pension before or after age 65. The reduction is currently 31.2 percent at age 60 but will gradually increase over the next four years to a 36 percent reduction in 2016. The increase is currently 38.4 percent at age 70 but will increase to 42 percent in 2013. The maximum new monthly pension payable at age 65 in 2012 is $986.67 (2011 – $960.00).

Post Retirement Benefits – A post-retirement benefit (PRB) pension is payable to each retirement pension recipient who has continued to work and has made contributions to the PRB while between the ages of 60 and 70, according to provisions of Bill C-51, which received Royal Assent on December 15, 2009. The PRB payments will begin in 2013.

Disability benefits – A disability benefit is payable to a contributor who is disabled, according to the provisions of the Act. The amount of the disability benefit to be paid includes a flat-rate portion and an amount equal to 75 percent of the earned retirement pension. The maximum new monthly disability benefit in 2012 is $1,185.50 (2011 – $1,153.37).

Survivor's benefits – A survivor's benefit is payable to the spouse or common-law partner (the beneficiary) of a deceased contributor, according to the provisions of the Act. For a beneficiary under the age of 65, the benefit consists of a flat-rate portion and an amount equal to 37.5 percent of the deceased contributor's earned retirement pension. A beneficiary between the ages of 35 and 45 who is not disabled or who has no dependent children receives reduced benefits. For beneficiaries aged 65 and over, the benefit is equal to 60 percent of the retirement pension granted to the deceased contributor. The maximum new monthly benefit payable to a beneficiary in 2012 is $592.00 (2011 – $576.00).

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

Disabled contributor's child and orphan benefits – According to the provisions of the Act, each child of a contributor who is receiving disability benefits or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat-rate monthly benefit in 2012 is $224.62 (2011 – $218.50).

Death benefits – According to the provisions of the Act, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor. The benefit amounts to either 10 percent of the maximum pensionable earnings in the year of death or six times the monthly retirement pension granted to the deceased contributor, whichever is less. The maximum death benefit in 2012 is $2,500 (2011 – $2,500).

Pensions and benefits indexation – As required by the Act, pensions and benefits are indexed annually based on the Consumer Price Index for Canada. The rate of indexation for 2012 is 2.8 percent (2011 – 1.7 percent).

2. Significant accounting policies

(a) Basis of presentation

These financial statements are presented on a consolidated basis. They include the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of changes in financial assets available for benefit payments and the consolidated statement of cash flow of the CPP and the CPPIB. These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

The CPP, which is managed by both the Government of Canada and participating provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

(b) Valuation of investments, investment receivables and investment liabilities

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, pricing models and other accepted industry valuation methods.

(c) Contributions

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review and adjustments. Adjustments, if any, are recorded as contributions in the year they are known.

Following the legislative change brought by the Bill C-51 of 2009, CPP contributions toward the new PRB are being collected. As of January 1, 2012, Canadians working outside of Quebec who receive CPP or RRQ retirement benefits began making contributions to the PRB. Contributions are mandatory for CPP or RRQ retirement pension recipients aged 60-65. Those between the ages of 65-70 can choose not to contribute. The PRB becomes payable the year after contributions are made.

(d) Investment income

Income from investments is recognized on an accrual basis and includes realized gains and losses from investments, changes in unrealized gains and losses on investments, dividend income, interest income and other income. Dividend income is recognized on the ex-dividend date, which is when the right to receive the dividend has been established. Interest income is recognized using the effective interest rate method. Distributions received from limited partnerships and funds are recognized as interest income, dividend income, other income, realized gains and losses from investments or return of capital, as appropriate.

(e) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and recorded as a component of net investment income.

(f) Investment management fees

Investment management fees are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and recorded as a component of net investment income.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

(g) Securities purchased under reverse repurchase agreements

Securities purchased under reverse repurchase agreements represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP. The fair value of securities to be resold under these reverse repurchase agreements is monitored and additional collateral is obtained when appropriate to protect against credit exposure. In the event of counterparty default, the CPP, through CPPIB, has the right to liquidate the collateral held. Reverse repurchase agreements are presented at Note 6 at the amounts at which the securities were initially acquired. Interest earned on reverse repurchase agreements is included in investment income (see Note 10).

(h) Securities sold short

Securities sold short represent securities sold, but not owned, by the CPP, through the CPPIB. The CPP, through the CPPIB, has an obligation to cover these short positions which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, when appropriate (see Note 6i)). Interest and dividend expense on securities sold short are included in investment income (see Note 10).

(i) Translation of foreign currencies

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the transaction date. Investments and other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date with any resulting foreign exchange gain or loss included in net gain (loss) on investments (see Note 10).

(j) Pensions and benefits

Pensions and benefits expenses are recorded when payable or reasonably estimated.

(k) Tax deductions due to Canada Revenue Agency

Tax deductions due to CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries (see Note 8).

(l) Net overpayments

Net overpayments are comprised of overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(m) Operating expenses

Operating expenses are recorded as incurred.

(n) Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

(o) Measurement uncertainty

The preparation of consolidated financial statements in accordance with PSAS requires management to make certain estimates and assumptions that affect the reported values of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and fair values of investments since these determinations include estimates of expected future cash flows, rates of return and the impact of future events. Actual results could differ from those estimates.

(p) Future changes in accounting standards

Financial Instruments

The Public Sector Accounting Board (PSAB) has recently issued new sections that are required to be applied concurrently to fiscal years beginning on or after April 1, 2012. The CPP is currently analyzing the impact of these new standards on its consolidated financial statements:

i. Financial Instruments

The new section 3450 (financial instruments) establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Items within the scope of the section are assigned to one of two measurement categories: fair value, cost or amortized cost. Fair value measurement will apply to portfolio investments in equity instruments that are quoted in an active market. Other financial assets and financial liabilities will generally be measured at cost or amortized cost, unless the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, then the entity may include those items in the fair value category. Until an item is derecognized, gains and losses arising as a result of fair value remeasurement will be reported in the Consolidated Statement of Remeasurement Gains and Losses.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

ii. Foreign Currency Translation

The revised section 2601 (foreign currency translation) requires that remeasurement gains and losses on foreign currency translation be reported in a new Consolidated Statement of Remeasurement Gains and Losses until such time as the financial instrument is derecognized, at which point, the accumulated remeasurement gain and loss is recognized in the Consolidated Statement of Operations.

iii. Financial Statement Presentation

The revised section 1201 (financial statements presentation) establishes the general principles and information standards applicable to consolidated financial statements. It requires that remeasurement gains and losses be reported in a new statement. Also, the assets available for benefit payments will be presented as the total of the net increase in assets available for benefit payments for the year and the accumulated remeasurement gains and losses.

International financial reporting standards

The CPPIB, which is a significant component of the CPP consolidated financial statements, may be transitioning to International Financial Reporting Standards (IFRS) for the fiscal year starting April 1, 2014. The CPP will assess the impact of the CPPIB's change in accounting framework on its financial statements and will review any restatements made to CPPIB's financial information.

3. Cash

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *CPP Act* to record the contributions, interest, pensions, benefits and operating expenses of the Plan. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2012, the deposit with the Receiver General for Canada in the CPP Account is $138 million (2011 – $23 million) and CPPIB's cash is $13 million (2011 – $11 million) for a total of $151 million (2011 – $34 million).

4. Receivables

Receivables are comprised of the following:

	2012	2011
	(in millions of dollars)	
Contributions	4,620	3,595
Régime de rentes du Québec	109	104
Beneficiaries		
Balance of pensions and benefits overpayments	116	112
Allowance for doubtful accounts	(81)	(74)
	4,764	3,737

Contributions receivable represent the estimated amount to be collected from CRA relating to contributions earned at year end and adjusted for tax returns not yet assessed.

The CPP has procedures to detect overpayments. During the year, overpayments totalling $41 million (2011 – $37 million) were established and debts totalling $4 million (2011 – $3 million) were forgiven as per the remission provisions of the *CPP Act*. A further $33 million (2011 – $33 million) was recovered through collection of payments and withholdings from beneficiaries.

5. Investment activities risk management

The CPP, through the investment activities carried out by CPPIB, is exposed to a variety of financial risks as a result of its investment activities. These risks include market risk, credit risk and liquidity risk. The CPPIB manages and mitigates financial risks through the Risk/Return Accountability Framework that is contained within the investment policies approved by the board of directors at least once every fiscal year. This framework contains risk limits and risk management provisions that govern investment decisions and has been designed to achieve the mandate of the CPPIB which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

Included within the Risk/Return Accountability Framework is an active risk limit which represents a limit on the amount of investment risk that the CPPIB can take relative to the CPP Reference Portfolio. The CPP Reference Portfolio is approved by the board of directors and serves as a performance benchmark against which the CPPIB's value-added activities are measured. It represents a low-cost strategic alternative to the CPP Investment Portfolio. The objective of the CPPIB is to create value-added investment returns greater than the returns that would be generated by the CPP Reference Portfolio. The CPPIB monitors the active risk in the CPP Investment Portfolio daily and reports active risk exposures to the board of directors on at least a quarterly basis.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

i. *Market Risk*: Market risk (including currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of an investment or investment liability will fluctuate because of changes in market prices and rates.

Currency Risk: The CPPIB is exposed to currency risk through holdings of investments and/or investment liabilities in various currencies.

In Canadian dollars, the net underlying currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

(in millions of dollars)	2012		2011	
Currency	Net exposure	% of total	Net exposure	% of total
United States Dollar	55,090	57	42,419	54
Euro	13,413	14	12,005	15
British Pound Sterling	8,933	9	7,689	10
Australian Dollar	4,689	5	4,743	6
Japanese Yen	4,166	4	4,173	5
Hong Kong Dollar	2,326	2	1,576	2
Swedish Krona	1,695	2	1,266	2
Other	7,274	7	4,950	6
	97,586	100	78,821	100

Interest Rate Risk: Interest rate risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market interest rates.

Other Price Risk: Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices arising primarily from equity price risk, commodity price risk and credit spread risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market.

ii. *Credit Risk*: Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPPIB's most significant exposure to credit risk is through its investment in debt securities and over-the-counter derivatives (as discussed in Note 6f). The carrying amounts of these investments as presented in Note 6 represent the maximum credit risk exposure at the consolidated statement of financial position date.

iii. *Liquidity Risk*: Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet investment commitments and investment liabilities as they come due. The CPPIB mitigates liquidity risk through its unsecured credit facilities (see Note 7) available in the amount of $1.5 billion (2011 - $1.5 billion) and the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly-traded equities, money market securities, marketable bonds and inflation-linked bonds.

The CPPIB is also exposed to liquidity risk through its responsibility for providing cash management services to the CPP (see Note 17). In order to manage liquidity risk associated with this short-term cash management program, certain assets are segregated and managed separately. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

6. Investments and investment liabilities

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve their mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

The CPPIB's investments are grouped by asset class based on risk/return characteristics of the investment strategies of the underlying portfolios. The investments, before allocating derivative contracts, associated money market securities and other investment receivables and liabilities to the asset classes to which they are related, are as follows:

	2012	2011
	(in millions of dollars)	
Equities		
Canada	7,246	10,261
Foreign developed markets	52,684	43,691
Emerging markets	9,582	6,743
Total equities	69,512	60,695
Fixed income		
Bonds	40,899	37,208
Inflation-linked bonds	1,050	299
Other debts	9,263	6,008
Money market securities	18,347	17,625
Total fixed income	69,559	61,140
Absolute return strategies	6,915	4,464
Real assets		
Private real estate	18,996	11,368
Infrastructure	9,427	9,404
Total Real assets	28,423	20,772
Investment receivables		
Securities purchased under reverse repurchase agreements		2,500
Accrued interest	578	657
Derivatives receivables	880	1,117
Dividends receivables	171	127
Total investment receivables	1,629	4,401
Total investments	176,038	151,472
Investment liabilities		
Securities sold short	(8,596)	
Debt financing liabilities	(2,408)	(1,394)
Debt on private real estate properties	(1,880)	(508)
Derivatives liabilities	(811)	(683)
Total investment liabilities	(13,695)	(2,585)
Amounts receivable from pending trades	2,052	1,085
Amounts payable from pending trades	(2,587)	(1,675)
Net investments	161,808	148,297

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

(a) Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

i. Public equity investments are made directly or through funds. As at March 31, 2012, public equities include fund investments with a fair value of $2,811 million (2011 – $2,665 million).

ii. Private equity investments are generally made directly or through ownership in limited partnership arrangements, which have a typical term of 10 years. The private equity investments represent equity ownerships or investments with the risk and return characteristics of equity. As at March 31, 2012, private equities include direct investments with a fair value of $6,676 million (2011 – $5,565 million).

(b) Fixed income

i. Bonds consist of marketable and non-marketable bonds.

The non-marketable bonds issued by the provinces prior to 1998 have rollover provisions attached to them by the Act which permit each issuer, at its option, to roll over the bonds on maturity for a further 20-year term at a rate based on capital markets borrowing rates for that province existing at the time of rollover. The non-marketable bonds are also redeemable before maturity at the option of the issuers.

In lieu of exercising its statutory rollover right described in the preceding paragraph, agreements between the CPPIB and the provinces permit each province to repay the bond and concurrently cause the CPPIB to purchase a replacement bond or bonds in a total principal amount not exceeding the principal amount of the maturing security for a term of not less than five years and not greater than 30 years. Such replacement bonds contain rollover provisions that permit the issuer, at its option, to roll over the bond for successive terms of not less than five years and subject in all cases to the maximum 30 years outside maturity date. The replacement bonds are also redeemable before maturity at the option of the issuers.

ii. Other debt instrument consists of direct private debt, asset-backed securities, intellectual property, distressed mortgage funds and private debt funds.

(c) Absolute return strategies

Absolute return strategies consist of investments in funds and internally managed portfolios whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds and the internally managed portfolios could include, but are not limited to, equities, fixed income securities and derivatives.

(d) Real assets

i. The CPPIB obtains exposure to real estate through direct investments in privately held real estate and real estate funds.

Private real estate investments are managed on behalf of the CPPIB by investment managers primarily through co-ownership arrangements. As at March 31, 2012, these investments include assets of $18,996 million (2011 - $11,368 million) and secured debt of $1,880 million (2011 - $508 million). The terms to maturity of the undiscounted principal repayments of the secured debt vary from less than a year to more than ten years.

ii. Infrastructure investments are generally made directly, but can also occur through limited partnership arrangements that have a typical term of 10 years. As at March 31, 2012, infrastructure includes direct investments with a fair value of $9,116 million (2011 – $7,899 million).

(e) Securities purchased under reverse repurchase agreements

As at March 31, 2012, the securities purchased under reverse purchase agreements of $nil (2011 - $2,500 million) have an average effective yield of nil percent (2011 – 2.7 percent).

(f) Derivative contracts

A derivative contract is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or are negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include equity contracts, foreign exchange contracts, interest rate contracts and credit contracts.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts. They are not recorded as assets or liabilities on the Consolidated Statement of Financial Position. Notional amounts do not necessarily represent the amount of potential market risk or credit risk arising from a derivative contract.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments included above.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

The CPPIB uses derivatives to generate value-added investment returns and to limit or adjust market, credit, interest rate, currency, and other financial exposures without directly purchasing or selling the underlying instrument.

(g) Securities sold short

As at March 31, 2012, securities sold short of $8,596 million (2011 - $nil) are considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions. The securities sold short have a weighted average interest rate of 0.19 percent (2011 – nil percent).

(h) Debt financing liabilities

The terms to maturity of the undiscounted principal repayments of the debt financing liabilities as at March 31, 2012, are: $1,189 million (less than 30 days, 2011 - $857 million), $909 million (from 1 to 6 months, 2011 - $539 million) and $315 million (from 7 months to 1 year, 2011 - $nil).

(i) Collateral

Collateral transactions are conducted under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31, is as follows:

	2012	2011
	(in millions of dollars)	
Assets held as collateral on:		
Reverse repurchase agreements[1]		2,561
Over-the-counter derivative transactions[1]	200	135
Assets pledged as collateral on:		
Over-the-counter derivative transactions		
Securities sold short	(10,937)	
Debt on private real estate properties	(2,008)	
Guarantees (see Note 15c)	(141)	(132)
	(12,886)	2,564

[1] The fair value of the collateral held that may be sold or repledged as at March 31, 2012, is $143 million (2011 – $2,588 million). The fair value of the collateral sold or repledged as at March 31, 2012, is $nil (2011 – $nil).

7. Credit facilities

The CPPIB maintains $1.5 billion (2011 – $1.5 billion) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2012, the total amount drawn on the credit facilities is $nil (2011 – $nil).

8. Payables and accrued liabilities

Payables and accrued liabilities are comprised of the following:

	2012	2011
	(in millions of dollars)	
Operation expenses	413	170
Pensions and benefits payable	241	221
Tax deductions due to Canada Revenue Agency	132	123
	786	514

9. Comparison of results against Budget

The budget amounts included in the Consolidated Statement of Operations and the Consolidated Statement of Change in Financial Assets Available for Benefit Payments are derived from the amounts that were originally budgeted in the Human Resources and Skills Development Canada *2011–2012 Report on Plans and Priorities*, tabled in Parliament in March 2011 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

10. Net investment income

Net investment income is reported net of transaction costs and investment management fees, and is grouped by asset class based on the risk/return characteristics of the investment strategies of the underlying portfolios.

Net investment income, after giving effect to derivative contracts and investment receivables and liabilities for the year ended March 31, is as follows:

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

(in millions of dollars)

	2012					
	Investment income (loss) (1)	Net gain (Loss) on investments (2)(3)(4)	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada	303	(2,352)	(2,049)	(40)	(16)	(2,105)
Foreign developed markets	866	2,292	3,158	(285)	(43)	2,830
Emerging markets	177	(534)	(357)	(37)	(6)	(400)
	1,346	(594)	752	(362)	(65)	325
Fixed income						
Bonds	1,481	3,174	4,655			4,655
Inflation-linked bonds	148	483	631			631
Other debt	516	109	625	(21)	(2)	602
Money market securities(5)	541	594	1,135	(194)	(31)	910
Debt financing liabilities	(15)		(15)			(15)
	2,671	4,360	7,031	(215)	(33)	6,783
Real assets						
Private real estate	756	1,178	1,934	(69)	(116)	1,749
Infrastructure	429	668	1,097	(4)	(14)	1,079
	1,185	1,846	3,031	(73)	(130)	2,828
Interest on operating balance	2		2			2
	5,204	5,612	10,816	(650)	(228)	9,938

(in millions of dollars)

	2011					
	Investment income (loss) (1)	Net gain on investments (2)(3)(4)	Total investment income (loss)	Investment management fees	Transaction costs	Net investment income (loss)
Equities						
Canada	265	3,374	3,639	(19)	(14)	3,606
Foreign developed markets	905	4,699	5,604	(245)	(26)	5,333
Emerging markets	130	657	787	(29)	(4)	754
	1,300	8,730	10,030	(293)	(44)	9,693
Fixed income						
Bonds	1,415	145	1,560			1,560
Inflation-linked bonds	153	199	352			352
Other debt	278	468	746	(15)	(5)	726
Money market securities(5)	145	1,004	1,149	(109)	(37)	1,003
Debt financing liabilities	(10)		(10)			(10)
	1,981	1,816	3,797	(124)	(42)	3,631
Real assets						
Private real estate	451	916	1,367	(77)	(58)	1,232
Infrastructure	370	667	1,037	(6)	(29)	1,002
	821	1,583	2,404	(83)	(87)	2,234
Interest on operating balance	2		2			2
	4,104	12,129	16,233	(500)	(173)	15,560

(1) Includes interest income, dividends, private real estate operating income (net of interest expense), interest expense on the debt financing liabilities, and other investment-related income and expenses.

(2) Includes realized gains and losses from investments, and unrealized gains and losses on investments held at the end of the year.

(3) Includes foreign exchange gains of $495 million (2011 – losses of $1,403 million).

(4) Includes net unrealized gains of $1,768 million (2011 – unrealized gains of $1,307 million), which represents the change in fair value estimated on direct investments in private equities, infrastructure, private real estate, private debt, intellectual property and certain derivatives, where the fair value is derived primarily from assumptions based on non-observable market data.

(5) Includes absolute return strategies, consisting of investments in funds and internally managed portfolios.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

11. Estimated overpayments and underpayments of benefits

In order to measure the accuracy of CPP benefit payments, the CPP relies on a Quality program (the CPP Payment Accuracy Review) which estimates, through statistical extrapolation, the most likely value of incorrect benefit payments.

For benefits paid during the twelve months ended March 31, 2012, undetected overpayments and underpayments are estimated to be $2 million and $64 million respectively. These estimates are used by the CPP to assess the quality and accuracy of decisions and to continuously improve its systems and practices processing CPP benefits.

The actual overpayments established during the year, as indicated in Note 4, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

12. Operating expenses

	2012	2011
	(in millions of dollars)	
General operating expenses	554	349
Salaries and benefits	593	470
Professional and consulting fees	33	31
	1,180	850

13. Actuarial obligation in respect of benefits

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, at a combined rate of 9.9 percent of pensionable earnings, and self-employed workers pay the full amount.

The CPP is managed by both the federal and provincial ministers of finance. The Plan's financial state is reviewed by these ministers every three years, following the receipt of an actuarial valuation report prepared by the Chief Actuary, at which time recommendations can be made as to whether benefits and/or contribution rates should be changed. Actuarial valuation determines the minimum contribution rate, which is the lowest rate sufficient to sustain the Plan. In the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the federal and provincial finance ministers, the insufficient rates provision in the *CPP Act* applies. This provision would increase the contribution rate for employees, employers and self-employed persons automatically and require the non-indexation of current benefits.

The CPP was initially designed to be financed on a pay-as-you-go basis with a small reserve equivalent to about two years worth of expenditures. This means that the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, in the following three decades since inception, demographics and economic developments, such as lower birth rates, increased life expectancies and lower real wage growth, as well as changes in benefits and an increase in disability claims, led to significantly higher Plan costs.

A major reform of the CPP was undertaken in 1997. The reform package agreed to by the federal and provincial finance ministers included amendments that were put into effect in 1998 to make the CPP financially sustainable by:

- increasing contribution rates over the short term to achieve steady-state funding (i.e. to build a reserve of assets and stabilize the ratio of assets to the following year's expenditures over time);
- reducing the growth of benefits over the long term;
- investing cash flows in the private markets through the establishment of the CPPIB to achieve maximum rate of return without undue risk of loss, and
- introducing incremental full funding for the CPP, such that any new or increased benefits provided under the Plan must be fully funded.

As a result of the 1997 reform, the CPP is considered to be partially funded and operating on a "steady-state" basis i.e. the lowest contribution rate that generally stabilizes the ratio of assets to expenditures over the long term with full funding for new or enhanced benefits. These funding objectives improve fairness and equity across generations and ensure the financial long-term sustainability of the Plan.

The *CPP Act* stipulates that an actuarial report shall be prepared every three years for purposes of the review of the CPP's financial state by the Minister of Finance and his provincial counterparts. The most recent triennial report, the *Twenty-Fifth Actuarial Report* on the CPP as at December 31, 2009, was tabled in Parliament on November 15, 2010. The next triennial actuarial report as at December 31, 2012, is expected to be tabled by December 2013.

In the *Twenty-Fifth Actuarial Report*, the minimum contribution rate required to fund both the steady-state funding (at 9.84 percent) and the incremental full funding (at 0.02 percent before 2023 and 0.01 percent for 2023 and thereafter), was determined to be 9.86 percent of pensionable earnings before 2023 and 9.85 percent from 2023 onward. This report confirms that, on the basis of the assumptions selected, the current legislated combined employer-employee contribution rate of 9.9 percent is and will

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

continue to be sufficient to pay for future expenditures and to accumulate assets worth $275.1 billion (i.e. 4.7 times the following year's annual expenditures) until 2020 when a portion of investment income will be used to pay for benefits. By 2050, 29 percent of investment income will be required to pay for benefits that exceed contributions.

A number of assumptions were used in the *Twenty-Fifth Actuarial Report* for the projections of the Plan's revenue and expenditures over the long projection period of 75 years. These assumptions are actuarial best estimates relating to demographic, economic and other factors such as the ones shown in the table below:

	as at 31 December 2009		as at 31 December 2006	
	Males	Females	Males	Females
Canadian life expectancy				
at birth in 2010 (2006 — in 2007)	85.4 years	88.3 years	84.5 years	87.7 years
at age 65 in 2010 (2006 — in 2007)	20.2 years	22.6 years	19.3 years	22.0 years
Retirement rates for cohort at age 60	38% (2016+)	41% (2016+)	40% (2009+)	45% (2009+)
CPP disability incidence rates (per 1,000 eligible)	3.3 (2015+)	3.6 (2015+)	3.1 (2011+)	3.5 (2011+)
Total fertility rate	1.65 (2015+)		1.6 (2010+)	
Net migration rate	0.58% of population for 2023+		0.54% of population for 2020+	
Participation rate (age group 15-69)	75.2% (2030+)		74.2% (2030+)	
Employment rate (age group 15-69)	70.6% (2030+)		69.9% (2030+)	
Unemployment rate	6.1% (2022+)		6.3% (2006+)	
Rate of increase in prices	2.3% (2019+)		2.5% (2016+)	
Real-wage differential	1.3% (2019+)		1.3% (2015+)	
Real rate of return	4.0% (2017+)		4.2% (2016+)	

An independent panel of qualified actuaries reviewed the *Twenty-Fifth Actuarial Report* on the CPP, confirming that the work was performed in accordance with professional standards of practice and that the actuarial methods and assumptions used were reasonable.

A variety of tests were performed to measure the sensitivity of the long-term projected financial position of the Plan to future changes in the demographic and economic environments. Key best-estimate assumptions were varied individually to measure the potential impact on the financial status of the Plan. These tests show that the minimum contribution rate could deviate significantly from its best-estimate of 9.85 percent if other than best-estimate assumptions were to materialize.

The *Twenty-Fifth Actuarial Report* measures the actuarial obligation under two different methodologies, a closed group approach and an open group approach. The closed group includes only current participants of the Plan, with no new entrants permitted and no new benefits accrued. The open group approach, introduced for the first time in the *Twenty-Fifth Actuarial Report* for the CPP, takes into consideration all current and future participants of the Plan, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures.

The CPP was never intended to be a fully-funded plan. With the current legislated combined contribution rate of 9.9 percent, the table below presents the unfunded obligation and the assets to actuarial obligation ratio under these two methodologies at valuation dates of the current and last actuarial reports:

	Open Group	Closed Group	Closed Group
	As at December 31, 2009		As at December 31, 2006
		(in billions of dollars)	
Actuarial obligation	1995.0	874.8	733.5
Assets available for benefit payments	1988.1	126.8	113.6
Unfunded obligation	6.9	748.0	619.9
Assets to actuarial obligation ratio	99.7%	14.5%	15.5%

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

According to the *Twenty-Fifth Actuarial Report*, although the relative size of the unfunded obligation under the closed group may be used as a measure of the Plan's financial status, the key financial measure for evaluating the sustainability of the Plan is the adequacy and stability of the steady-state contribution rate over time. Due to the CPP's long-term and enduring nature, if the Plan's sustainability is to be measured based on its unfunded obligation, the open group approach that includes both future contributions and future benefits with respect to both current and future participants provides the more appropriate assessment of the Plan's financial status. Using the open group approach, the Chief Actuary confirms that the Plan is and will continue, on the basis of the assumptions selected, to meet its financial obligations and is sustainable over the 75-year projection period.

The assets available for benefit payments represent funds accumulated for the payment of pensions, benefits and operating expenses. As at March 31, 2012, the value of the Plan's assets available for benefit payments is $166.0 billion (2011 – $151.6 billion). This amount represents approximately 4.7 times the 2013 planned total pension and benefit expenses of $35.4 billion (2011 – 4.6 times). According to the *Twenty-Fifth Actuarial Report*, the ratio of assets to the following year's expenditures is expected to be at 4.7 times by 2020 and 5.2 times by 2050.

14. Contractual obligations

The CPP, through CPPIB, has committed to enter into contractual obligations related to the funding of investments. These contractual obligations are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2012, the contractual obligations total $16.6 billion (2011 – $16.3 billion).

As at March 31, 2012, the CPP, through CPPIB, has made lease and other contractual obligations of $126.3 million (2011 – $37.7 million) that will be paid over the next 13 years.

15. Contingent liabilities

(a) Appeals relating to the payment of pensions and benefits

At March 31, 2012, there were 10,369 (9,204 in 2011) appeals relating to the payment of CPP disability benefits. These contingencies are reasonably estimated, using historical information, at an amount of $88.5 million ($73 million in 2011), which was recorded as an accrued liability in the CPP 2011–12 financial statements.

(b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings.

Starting in 2004, 417 medical adjudicators (MAs) filed human rights complaints with the Canadian Human Rights Commission (CHRC) alleging gender discrimination. The complaint was upheld by the Canadian Human Rights Tribunal (CHRT) in 2007, which ordered that the discriminatory practice cease and directed the parties to attempt to negotiate a settlement of the appropriate measures to redress the practice. These negotiations were not successful and in May 2009, the CHRT ordered that a new NU subgroup be created in the Health Services Group and that the MAs be placed in this group. It also ordered that damages be paid to two MAs for pain and suffering, but did it not order compensation for wage loss.

The complainants and the CHRC challenged the CHRT's decision on the issues of lost wages and pain and suffering. The application was allowed by the Federal Court, which set aside the CHRT's decision and referred the matters back to the CHRT for redetermination. An appeal by the Attorney General of Canada of the Federal Court decision was unsuccessful.

The parties have since settled the outstanding issues of damages for wage loss and for pain and suffering. The settlement of the pain and suffering issue and the settlement of the wage loss issue were endorsed by the CHRT in October 2011 and on July 31, 2012 respectively.

An allowance of $169 million was estimated and recognized in the 2011–12 financial statements and recorded as a liability for these claims and legal proceedings.

(c) Guarantees

As part of certain investment transactions, the CPPIB has agreed to guarantee, as at March 31, 2012, up to $0.2 billion (2011 - $0.6 billion) to other counterparties in the event certain subsidiaries and other entities default under the terms of loan and other related agreements.

(d) Indemnifications

The CPPIB provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The contingent nature of these indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any claims nor made any payments pursuant to such indemnifications.

Canada Pension Plan—*Continued*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Continued*

16. Related party transactions

As stated in Note 4, the CPP has $4,620 million (2011 – $3,595 million) of contributions receivable from the Canada Revenue Agency.

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding.

TRANSACTIONS FOR THE YEAR
(in millions of dollars)

	2012	2011
Pension and benefit delivery, accommodation and corporate services Human Resources and Skills Development Canada	567	354
Collection of contributions and investigation services Canada Revenue Agency	159	155
Cheque issue and computer services Public Works and Government Services Canada	12	11
Actuarial services Office of the Superintendent of Financial Institutions and Department of Finance	2	2
	740	522

17. Supplementary information

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2012			2011		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Financial assets	4,902	178,103	183,005	3,760	152,568	156,328
Non-financial assets		59	59		47	47
Liabilities	542	16,526	17,068	355	4,419	4,774
Assets available for benefit payments	4,360	161,636	165,996	3,405	148,196	151,601
Income						
Contributions	38,925		38,925	37,069		37,069
Investment income	2	9,936	9,938	2	15,558	15,560
	38,927	9,936	48,863	37,071	15,558	52,629
Expenses						
Pensions and benefits	33,288		33,288	31,598		31,598
Operating expenses	740	440	1,180	522	328	850
	34,028	440	34,468	32,120	328	32,448
Increase in assets available benefit payments	4,899	9,496	14,395	4,951	15,230	20,181

Canada Pension Plan—*Concluded*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Concluded*

Pursuant to Section 108.1 of the *CPP Act* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

In September 2004, the CPPIB assumed responsibility for providing cash management services to the CPP, including periodic return, on at least a monthly basis, of funds required to meet CPP pension, benefits and operating expenses obligations.

During the year ended March 31, 2012, a total of $32.3 billion was transferred to the CPPIB and a total of $28.3 billion was returned to the CPP to meet its liquidity requirements.

ACTIVITIES DURING THE YEAR
(in millions of dollars)

	2012	2011
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB, beginning of year	243,363	212,512
Transfers of funds to CPPIB	32,285	30,851
Accumulated transfers to CPPIB, end of year	275,648	243,363
Accumulated transfers from CPPIB, beginning of year	(134,958)	(109,443)
Transfers of funds from CPPIB	(28,341)	(25,515)
Accumulated transfers from CPPIB, end of year	(163,299)	(134,958)
Net accumulated transfers to CPPIB	112,349	108,405

18. Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

Government Annuities Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Government Annuities Account have been prepared in accordance with Canadian accounting standards for pension plans by the management of Human Resources and Skills Development Canada. For accounting policies that do not relate to either investments or pension obligations, the Account must consistently comply with International Financial Reporting Standards (IFRS). To the extent that IFRS is inconsistent with accounting standards for pension plans, accounting standards for pension plans take precedence. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the financial statements.

In support of its responsibility for the integrity and fairness of the financial statements, management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance that transactions comply with relevant authorities, assets are safeguarded and proper records are maintained.

The management of Human Resources and Skills Development Canada recognizes the responsibility of conducting its affairs in compliance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and reports to the Minister of Human Resources and Skills Development Canada

IAN SHUGART
Deputy Minister
Human Resources and
Skills Development Canada

ALAIN P. SÉGUIN, MBA, CPA, CGA
Chief Financial Officer
Human Resources and
Skills Development Canada

Gatineau, Canada
August 29, 2012

Government Annuities Account—*Continued*

REPORT OF THE ACTUARY

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Government Annuities Account (the "Account") as at 31 March 2012. The purpose of this valuation is to determine the actuarial liabilities and financial position of the Account as at 31 March 2012. The results of the valuation are included in the Account's statement of financial position, the statement of changes in net assets available for benefits, and the statement of changes in pension obligations for the year then ended.

The valuation of the Account's actuarial liabilities and financial position is based on:

- membership data as at 31 March 2012 provided by Human Resources and Skills Development Canada (HRSDC) and Service Canada;
- asset data provided by HRSDC; and
- assumptions as prescribed by the *Government Annuities Regulations*, that is, mortality rates from the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries, and a seven percent annual interest rate.

The Account's assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities equal the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation is prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used comply with legislative requirements and are, in aggregate, reasonable and appropriate;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. The next valuation will be performed as at 31 March 2013.

Michel Millette
Senior Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Mathieu Désy
Actuary
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Christine Dunnigan
Actuarial Officer
Fellow of the Canadian Institute of Actuaries
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada
Ottawa, Canada
29 August 2012

Government Annuities Account—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES AND SKILLS DEVELOPMENT

Report on the Financial Statements

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statements of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, and the statements of changes in net assets available for benefits and statements of changes in pension obligations for the years ended 31 March 2012 and 31 March 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Annuities Account as at 31 March 2012, 31 March 2011 and 1 April 2010, and the changes in its net assets available for benefits and changes in its pension obligations for the years ended 31 March 2012 and 31 March 2011 in accordance with Canadian accounting standards for pension plans.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Improvement Act*, the *Government Annuities Act* and regulations.

Heather McManaman, CA
Principal
for the Auditor General of Canada

29 August 2012
Halifax, Canada

STATEMENT OF FINANCIAL POSITION
(in thousands of Canadian dollars)

	March 31/ 2012	March 31/ 2011	April 1/ 2010
Assets			
Deposit with Receiver General for Canada (Note 4)	188,428	207,784	228,646
Accrued interest due from Canada................	14,248	15,689	17,239
Accounts receivable	99	76	82
	202,775	223,549	245,967
Liability			
Actuarial surplus due to Canada..................	1,164	2,209	2,511
Net assets available for benefits..................	201,611	221,340	243,456
Pension obligations			
Actuarial present value of accrued benefits (Note 5)	201,611	221,340	243,456

The accompanying notes are an integral part of these financial statements.

Approved by:

IAN SHUGART
Deputy Minister
Human Resources and
Skills Development Canada

ALAIN P. SÉGUIN, MBA, CPA, CGA
Chief Financial Officer
Human Resources and
Skills Development Canada

Government Annuities Account—*Continued*

STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31
(in thousands of Canadian dollars)

	2012	2011
Increase in assets		
Interest from Canada (Note 4)	14,248	15,689
Premiums (Note 4)	11	11
Reclaimed annuities recovered from Consolidated Revenue Fund	123	29
	14,382	15,729
Decrease in assets		
Annuity payments	32,815	35,522
Premium refunds	69	54
Unclaimed annuities transferred to Consolidated Revenue Fund	63	60
Actuarial surplus due to Canada	1,164	2,209
	34,111	37,845
Administrative expenses		
Services received without charge (Note 2(g))	2,674	2,231
Services contributed by Human Resources and Skills Development Canada (Note 2(g))	(2,674)	(2,231)
Decrease in net assets	19,729	22,116
Net assets available for benefits at beginning of year	221,340	243,456
Net assets available for benefits at end of year	201,611	221,340

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
FOR THE YEAR ENDED MARCH 31
(in thousands of Canadian dollars)

	2012	2011
Actuarial present value of accrued benefits at beginning of the year	(221,340)	(243,456)
Interest and other income	(14,382)	(15,729)
Benefits paid	32,947	35,636
Experience gains	1,164	2,209
Actuarial present value of accrued benefits at end of the year	(201,611)	(221,340)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

1. Authority, Objective and Responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Human Resources and Skills Development Canada (HRSDC) and operates through the Consolidated Revenue Fund.

2. Significant Accounting Policies

(a) Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian accounting standards for pension plans (Section 4600). This section requires pension plans of publicly accountable enterprises to comply on a consistent basis with the International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of the Section 4600, which take precedence.

(b) Actuarial present value of accrued benefits

The method utilized to calculate the actuarial present value of accrued benefits is in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The actuarial present value of accrued benefits comprises, in respect of deferred and matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Actuarial surplus/deficit

At the end of any fiscal year, the recorded amount of the actuarial present value of accrued benefits may be different than the amount of actuarial liabilities determined by the actuary. The difference is recorded as an actuarial surplus or deficit, which is remitted to or recovered from the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is recorded on an accrual basis and is calculated on the actuarial present value of accrued benefits as prescribed by the *Government Annuities Improvement Act* and the *Government Annuities Regulations*.

Government Annuities Account—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012—*Concluded*

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(f) Reclaimed annuities

Reclaimed annuities represent previously unclaimed amounts that had been transferred to the Consolidated Revenue Fund. If the annuitants are subsequently located, the actuarial present value of these annuities is transferred back to the Account.

(g) Services received without charge

Administrative services received without charge from HRSDC are recorded in the statement of changes in net assets available for benefits at their estimated cost. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

(h) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, actuarial present value of accrued benefits, and income at the date of the financial statements. Despite the use of management's best estimates, it is possible that the amounts for the actuarial present value of accrued benefits and related accounts could change materially in the near term.

3. Changes in Accounting Policies

The presentation of the financial statements was revised to be in accordance with Section 4600 of the CICA Handbook and International Financial Reporting Standards (IFRS) to the extent that those standards do not conflict with the requirements of Section 4600.

Prior to April 1, 2010, the Account's financial statements were prepared in accordance with Section 4100, Pension Plans and Part V of the CICA Handbook.

With the adoption of Section 4600 and IFRS for the year ended March 31, 2012, the statement of financial position comparatives as at April 1, 2010 and March 31, 2011 have not been restated as there were no significant adjustments as a result of the transition. In addition, there were no impacts on the statement of changes in net assets available for benefits and the statement of changes in pension obligations for the year ended March 31, 2011.

4. Premiums deposited with Receiver General for Canada

Premiums are deposited with the Receiver General for Canada. This deposit earns interest at a rate of seven percent in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Regulations*. Due to the short-term nature, the carrying value of the deposit with the Receiver General for Canada approximates its fair value.

5. Actuarial Present Value of Accrued Benefits

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, performed the annual actuarial valuation of the Government Annuities Account as at March 31, 2012.

The *Government Annuities Improvement Act* and *Government Annuities Regulations* prescribe the basis upon which the actuarial present values of accrued benefits are to be determined. The regulations require the discounting of expected future payments using an annual interest rate of seven percent. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. The actuary has indicated that the assumptions used to assess the actuarial present values of accrued benefits comply with legislative requirements and are, in aggregate, reasonable and appropriate.

The next actuarial valuation will be performed as at March 31, 2013.

	March 31/ 2012	March 31/ 2011	April 1/ 2010
	(in thousands of Canadian dollars)		
Actuarial present value of accrued benefits is comprised of:			
Deferred annuities	9,529	10,653	11,696
Matured annuities........	192,082	210,687	231,760
	201,611	221,340	243,456

6. Capital Management

The Account does not manage capital as all deposits and withdrawals to the Account are made to the Consolidated Revenue Fund (CRF) and returns on deposits are legislated through the *Government Annuities Improvement Act*. In addition, any deficit or surplus in the Account is charged or credited to the CRF.

The Account is valued on an actuarial basis each year, with the objective of reporting the present value of the deferred and matured annuities to the Government of Canada to ensure the Account is sufficiently funded.

The Account has no externally imposed restrictions on capital. There has been no change in the Account's approach to capital management over the prior year.

7. Related Party Transactions

The Account is related to Government departments, agencies and Crown corporations through common control held by the Government of Canada. There were no further significant transactions with related parties other than those described in note 2 *g)*, Services received without charge.

Royal Canadian Mounted Police (Dependants) Pension Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Royal Canadian Mounted Police (Dependants) Pension Fund is responsible for the preparation of the financial statements. These financial statements have been prepared in accordance with Canadian accounting standards for pension plans. They include management's best estimates and judgments when appropriate.

Responsibility for the integrity and objectivity of the financial statements rests with the management of the Royal Canadian Mounted Police (Dependants) Pension Fund. In support of its responsibility, management has developed and maintained books, records, internal controls and management practices designed to provide reasonable assurance as to the reliability of the financial information, that assets are safeguarded and controlled, and that transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund are in accordance with the applicable provisions of the *Financial Administration Act* and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

BOB PAULSON
Commissioner

ALAIN DUPLANTIE
Chief Financial and
Administrative Officer

July 23, 2012

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF PUBLIC SAFETY

Report on the Financial Statements

I have audited the accompanying financial statements of Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statements of financial position as at 31 March 2012 and 31 March 2011, and the statements of changes in net assets available for benefits and statements of changes in pension obligations for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Royal Canadian Mounted Police (Dependants) Pension Fund as at 31 March 2012 and 31 March 2011, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act*, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Louise Bertrand, CA
Principal
for the Auditor General of Canada

23 July 2012
Ottawa, Canada

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2012	2011
	$	$
Assets		
Due from the Consolidated Revenue Fund	24,169,509	26,090,424
Liabilities		
Pension benefits payable (Note 3)	229,690	793,278
Net assets available for benefits	23,939,819	25,297,146
Pension obligations (Note 4)	22,119,442	23,591,078
Excess of net assets available for benefits over pension obligations	1,820,377	1,706,068

The accompanying notes are an integral part of these financial statements.

Approved by:

BOB PAULSON
Commissioner

ALAIN DUPLANTIE
Chief Financial and
Administrative Officer

July 23, 2012

STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS
YEAR ENDED MARCH 31

	2012	2011
	$	$
Net assets available for benefits, beginning of year	25,297,146	26,972,269
Increase in net assets:		
Interest income on amount due from the Consolidated Revenue Fund	1,464,314	1,683,870
Past service contributions from participants	3,953	4,929
Total increase in net assets	1,468,267	1,688,799
Decrease in net assets:		
Survivor benefit payments	(2,825,594)	(3,363,922)
Decrease in net assets	(1,357,327)	(1,675,123)
Net assets available for benefits, end of year	23,939,819	25,297,146

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
YEAR ENDED MARCH 31

	2012	2011
	$	$
Pension obligations, beginning of year	23,591,078	23,907,000
Net interest accrued on benefits	1,350,005	1,567,000
Valuation data updates		(425,000)
Experience gains and losses		400,000
Changes in actuarial assumptions		425,000
Benefit increases		1,076,000
Past service contributions from participants	3,953	5,000
Survivor benefit payments	(2,825,594)	(3,363,922)
Pension obligations, end of year	22,119,442	23,591,078

The accompanying notes are an integral part of these financial statements.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31

1. Description of the Fund

The following is a summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund.

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (the *Act*) (effective 1959) and the related Regulations.

The *Act* provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions. The Government of Canada credits the Fund with interest computed quarterly on the amount due from the Consolidated Revenue Fund at the end of the preceding quarter.

All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

The Fund is accounted for using the standards applicable to a defined benefit pension plan.

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The *Act* directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Survivor benefit payments

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5 percent of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Eligible children's annuities

An annuity, not exceeding 7 percent of the member's final pension payment, is payable to each surviving child eligible in accordance with the provisions of the *Act* at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

iii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependents and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. This lump sum shall be equal in value to a pension for female aged 20 years older than the deceased member at death but not exceeding 75 years.

iv. Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

(d) Dividends on survivor benefit payments

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

(e) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Continued*

2. Significant accounting policies

(a) Basis of presentation

The financial statements present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the Fund.

These financial statements are prepared in accordance with Canadian accounting standards for pension plans in Part IV of the Canadian Institute of Chartered Accountants (CICA) Handbook, Section 4600. Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Fund complies with International Financial Reporting Standards (IFRS) in Part I of the CICA Handbook commencing April 1, 2011. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

(b) Changes in accounting policies

These financial statements are the Fund's first in compliance with Section 4600 and IFRS. The comparative figures on the Statement of Financial Position as at April 1, 2010 and for the year ended March 31, 2011 have not been restated as there are no significant adjustments to previously reported account balances as a result of the transition to the new standards. Further, the implementation of Section 4600 has no effect on either the Statement of Changes in Net Assets Available for Benefits or the Statements of Changes in Accrued Pension Benefits for the year ended March 31, 2011.

Due to the nature of the Fund's assets and the specific provision that pension plans can use the Sponsor's basis of accounting for pension obligations, significant accounting policies were not revised upon implementation of Section 4600 and IFRS. Prior to April 1, 2011, the financial statements were prepared in accordance with Section 4100 – Pension Plans and Part V of the CICA Handbook.

(c) Significant accounting policies

The significant accounting policies are as follows:

i. Interest income on the amount due from the Consolidated Revenue Fund

The Government of Canada credits the Fund with interest computed quarterly on the amount due from the Consolidated Revenue Fund at the end of the preceding quarter. The rate of interest is determined by the Minister of Finance on a quarterly basis and is equal to the rate used in other government Superannuation accounts. The rate is calculated as though the amounts recorded were invested in a notional portfolio of Government of Canada 20 year bonds held to maturity.

Interest on the amount due from the Consolidated Revenue Fund is recognized on an accrual basis.

ii. Due from the Consolidated Revenue Fund

The government has a statutory obligation to pay benefits relating to the Fund. This pension obligation is to the widows and orphans of the participants who contributed to the Fund over the years. The government tracks the transactions related to contributions, the interest on the amount due from the Consolidated Revenue Fund and the survivor benefit payments. All cash receipts are deposited to and all payments are made from the Consolidated Revenue Fund (CRF).

The amount due from the Consolidated Revenue Fund is categorized as other asset.

iii. Survivor benefit payments

Benefits are recognized on an accrual basis as a reduction of Pension Obligations and Net Assets Available for Benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund or upon the death of a widow.

iv. Pension obligations

The value of pension obligations during the year is based on a triennial actuarial valuation which is prepared by the Office of the Superintendent of Financial Institutions (OSFI). It uses the projected benefit method prorated on pensionable service and management's best estimates, as at the valuation date, of various economic and non-economic assumptions. For the interim years, the assumptions used in the triennial valuation are evaluated for continued relevancy and the valuation is adjusted by the actuary for transactions occurring during the period.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Continued*

v. Services provided without charge and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

- Financial management and other support services from the Royal Canadian Mounted Police;
- Actuarial valuation and other services from the Office of the Superintendent of Financial Institutions;
- Cheques issued from Public Works and Government Services Canada; and,
- Office of the Auditor General audit costs.

(d) Sources of estimation uncertainty

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported amounts of liabilities.

In making estimates and using assumptions, management relies on external information and observable conditions where possible. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Pension Obligations are the most significant item where estimates and assumptions are used. The Pension Obligations depend on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions, such as discount rates (future Fund yields), mortality rates, proportion of members married, and age of new widows. The Fund consults with external actuaries from the Office of the Superintendent of Financial Institutions regarding these estimates and assumptions annually. Any changes will impact the carrying amount of the Pension Obligations. Details of these estimates and assumptions have been disclosed in Note 4.

3. Pension benefits payable

Pension benefits payable represent the lump sum benefits that became payable upon the death of members or widows during the year but had not yet been approved by the Minister for payment. At March 31, 2012, the pension benefits payable were $229,690 ($793,278 as at March 31, 2011).

4. Pension obligations

The most recent statutory actuarial valuation was performed as at March 31, 2010 by the Office of the Superintendent of Financial Institutions. The valuation disclosed an actuarial surplus of $2,665,000. In a decision dated June 9, 2011, the Treasury Board approved that a portion of this surplus will be distributed by annual effective increases in the pension amount of 2.0 percent as at April 1, 2011, 2.0 percent as at April 1, 2012 and 2.0 percent as at April 1, 2013 and by increases to lump sum death benefits and residual payments.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. The average ages of members and widows were both estimated to be 86 years and the remaining life of the Fund was estimated at 27 years as at March 31, 2010.

The obligations for pension benefits are determined on an actuarial basis and incorporate the actuary's best estimates of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality rates, proportion of members married, and age of new widows. The primary economic assumptions relate to Fund yields. The yields are based on the rate applicable to a portfolio of notional 20 year government bonds as at the date of the triennial actuarial valuation.

The current Fund yield of 6.10 percent per annum (6.53 percent in 2011) is consistent with the estimated yield (6.05 percent) used for the immediate future in the actuarial valuation. The expected long-term Fund yield is estimated to decline to 4.81 percent per annum by the year 2024 and to rise to the ultimate level of 5.20 percent by 2032. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

Royal Canadian Mounted Police (Dependants) Pension Fund—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31—*Concluded*

An interim valuation was performed as at March 31, 2011 and 2012, to estimate the actuarial present value of accrued pension benefits and the principal components of change in the actuarial present value during the plan year. No changes were made to the economic or non-economic assumptions for the fiscal year ended March 31, 2012. The pension obligation at March 31, 2012 was $22,119,442 ($23,591,078 as at March 31, 2011).

The next actuarial valuation is expected to be as at March 31, 2013.

5. Capital management

The primary objective with respect to capital management is to ensure that the Fund has adequate capital to meet its obligations to all current Fund members and their survivors.

The Fund is not subject to any externally imposed capital requirements and the surpluses or deficits are determined regularly by an actuarial valuation that is prepared by an independent actuary and considered as the Fund's capital.

The actuary's valuation is used to measure the long-term health of the Fund. The actuary tests the Fund's ability to meet its obligations to all current Fund members and their survivors.

Using an assumed rate of return, the actuary projects the Fund's benefits to estimate the current value of the liability, which is compared to the Fund's net assets available for benefits and the future contributions for all current Fund members. The result of the comparison is either a surplus or a deficit. In either case, the funding policy as described in Note 1 (b) will be used to ensure that the capital of the Fund is maintained.

There have been no changes to the capital management policy of the Fund.

6. Financial risk management

The Fund's assets are held in a special purpose account within the Consolidated Revenue Fund of the Government of Canada. As such, the Fund is not exposed to any significant market risk (risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads), liquidity risk (risk that the Fund does not have sufficient cash to meet its current liabilities), or credit risk (risk that a counterparty defaults or becomes insolvent). Accordingly, the Fund has not provided a market risk sensitivity analysis.

SECTION 7

2011-2012

PUBLIC ACCOUNTS OF CANADA

Cash and Accounts Receivable

CONTENTS

Page

Cash and cash equivalents 7.2
Taxes receivable 7.3
Other accounts receivable 7.4

CASH AND ACCOUNTS RECEIVABLE

This section contains information on accounts reported on the Consolidated Statement of Financial Position under "Cash and Accounts Receivable".

Table 7.1 presents the year-end balances of cash and accounts receivable by category.

TABLE 7.1

CASH AND ACCOUNTS RECEIVABLE

	March 31/2012	March 31/2011
	$	$
Cash and cash equivalents, Table 7.2	17,143,276,454	14,322,602,233
Taxes receivable, Table 7.3	86,005,561,641	78,626,173,166
Other accounts receivable, Table 7.5	4,513,167,844	3,958,721,889
Total cash and accounts receivable	107,662,005,939	96,907,497,288

Cash and Cash Equivalents

Cash consists of public moneys on deposit and cash in transit at March 31st. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

Table 7.2 presents a summary of the cash and cash equivalents.

TABLE 7.2

CASH AND CASH EQUIVALENTS

	March 31/2012	March 31/2011
	$	$
Cash in bank—		
Canadian currency(1)	6,068,164,441	944,887,775
Foreign currencies(2)	650,413,953	420,833,782
Special deposits(3)	65,000,000	50,000,000
Total cash in bank	6,783,578,394	1,415,721,557
Cash in transit—		
Cash in hands of collectors and in transit	8,388,911,848	9,134,506,533
Other cash—Consolidated Crown corporations and other entities(4)	514,730,000	526,391,000
Total cash in transit	8,903,641,848	9,660,897,533
Less: Outstanding cheques and warrants—		
Outstanding cheques(5)	5,093,683,754	5,492,713,111
Imprest account cheques(6)	208,783	305,416
Total outstanding cheques and warrants	5,093,892,537	5,493,018,527
Total cash	10,593,327,705	5,583,600,563
Cash equivalents	6,549,948,749	8,739,001,670
Total cash and cash equivalents	17,143,276,454	14,322,602,233

(1) Included in Canadian currency is $4,000,000,000 with respect to the Prudential Liquidity Fund.

(2) These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

(3) These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

(4) These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

(5) Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of $40,937,561 ($61,982,669 in 2011) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

(6) Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

Taxes Receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial, territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

TABLE 7.3

TAXES RECEIVABLE AS AT MARCH 31

	2012			2011		
	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable
	$	$	$	$	$	$
Taxes receivable—						
Income taxes receivable—						
Individuals	45,897,369,231	6,096,866,085	39,800,503,146	43,207,123,532	5,459,080,135	37,748,043,397
Employers	17,210,589,225	1,039,037,923	16,171,551,302	16,321,116,418	999,100,147	15,322,016,271
Corporations	12,520,733,660	1,785,709,725	10,735,023,935	11,622,610,958	1,752,663,386	9,869,947,572
Non-residents	1,173,720,355	113,939,045	1,059,781,310	988,026,589	127,478,373	860,548,216
Goods and services taxes receivable	18,541,512,448	2,906,088,048	15,635,424,400	15,322,360,067	2,588,882,043	12,733,478,024
Customs duties receivable	248,146,174	13,200,682	234,945,492	239,139,219	8,210,682	230,928,537
Excise taxes and duties receivable	2,414,469,499	46,137,443	2,368,332,056	1,912,485,199	51,274,050	1,861,211,149
Total	98,006,540,592	12,000,978,951	86,005,561,641	89,612,861,982	10,986,688,816	78,626,173,166

Table 7.4 presents the aging for taxes receivable for the period over which claims at March 31 have been outstanding. Receivables based on estimates of unassessed taxes at year end are included in current receivables.

TABLE 7.4

AGING OF TAXES RECEIVABLE

	Year ended March 31	
	2012	2011
	$	$
Taxes receivable		
Less than one year	66,161,826,462	59,451,680,154
1-2	5,744,207,719	5,726,427,231
2-3	4,515,312,487	4,073,508,061
3-4	3,695,849,593	3,261,116,004
4-5	3,041,584,611	3,208,550,703
Over 5 years	14,847,759,720	13,891,579,829
Total	98,006,540,592	89,612,861,982

Other Accounts Receivable

Other accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to the Government for use of its assets, or from the proceeds for provision of services as of March 31, 2012.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

Table 7.5 presents a summary of the balances for other receivables.

TABLE 7.5

OTHER ACCOUNTS RECEIVABLE AS AT MARCH 31

	2012			2011		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
	$	$	$	$	$	$
Other receivables[1]	4,342,297,568	1,678,284,724	2,664,012,844	4,171,252,314	1,501,426,425	2,669,825,889
Accounts receivable of consolidated Crown corporations and other entities	1,849,155,000		1,849,155,000	1,288,896,000		1,288,896,000
Total	6,191,452,568	1,678,284,724	4,513,167,844	5,460,148,314	1,501,426,425	3,958,721,889

[1] Other receivables are the financial claims owed to the Government and arising from other revenues.

Table 7.6 presents the aging of other accounts receivable for the period over which claims at March 31 have been outstanding.

TABLE 7.6

AGING OF OTHER ACCOUNTS RECEIVABLE

	Year ended March 31	
	2012	2011
	$	$
Outstanding days		
0-30	1,783,119,425	1,496,704,238
31-60	222,884,637	382,160,333
61-90	95,534,313	119,416,067
91-365	388,963,453	386,565,564
Over 365	1,851,795,740	1,786,406,112
Total	4,342,297,568	4,171,252,314
Accounts receivable of consolidated Crown corporations and other entities	1,849,155,000	1,288,896,000
Total	6,191,452,568	5,460,148,314

SECTION 8

2011-2012

PUBLIC ACCOUNTS OF CANADA

Foreign Exchange Accounts

CONTENTS

Page

International reserves held in the Exchange Fund Account . . 8.2
International Monetary Fund—Subscriptions 8.3
International Monetary Fund—Loans 8.3
International Monetary Fund—Notes payable 8.3
Special drawing rights allocations 8.3
Supplementary statement—
  Exchange Fund Account 8.4

FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to $10,715 million as at March 31, 2012 ($7,628 million as at March 31, 2011); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 8.1

FOREIGN EXCHANGE ACCOUNTS

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
International reserves held in the Exchange Fund Account, Table 8.2	54,041,838,424	23,363,731,292	15,264,666,707	62,140,903,009
International Monetary Fund—Subscriptions	9,791,371,160	50,316,680		9,841,687,840
International Monetary Fund—Loans	1,139,293,030	185,808,682		1,325,101,712
	64,972,502,614	*23,599,856,654*	*15,264,666,707*	*73,307,692,561*
Less:				
International Monetary Fund—Notes payable	7,260,048,181	285,421,273	83,148,648	7,057,775,556
Special drawing rights allocations	9,205,476,000		47,305,835	9,252,781,835
	16,465,524,181	*285,421,273*	*130,454,483*	*16,310,557,391*
Total	48,506,978,433	23,885,277,927	15,395,121,190	56,997,135,170

International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each year. The financial statements as at March 31, 2012, together with the Independent Auditor's Report thereon, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 2012. Gold held by the Account is valued at SDR 35 per fine ounce ($54.08 Cdn as at March 31, 2012 and $53.81 Cdn as at March 31, 2011).

In 2011-2012, payments and other charges consisted of advances to the Exchange Fund Account in the amount of $21,474 million, an adjustment of $1,672 million to recognize the net income of the Exchange Fund Account for the period April 1, 2011 to March 31, 2012, and a net valuation adjustment of $218 million. Receipts and other credits consisted of repayments of advances of $15,265 million.

TABLE 8.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT

(in millions of dollars)

	March 31/2012	March 31/2011
US dollar cash and cash equivalents	319	228
US dollar marketable securities	33,034	26,797
Euro cash and cash equivalents	163	79
Euro marketable securities	18,951	17,762
Japanese yen cash and cash equivalents	7	7
Japanese yen marketable securities	342	116
Short-term deposits	299	
Special drawing rights	9,020	9,046
Gold	6	6
Total	62,141	54,041
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars	36,472	29,900
Euro	18,187	16,972
Japanese yen	341	233
Special drawing rights (2012, SDR 4,599 million; 2011, SDR 4,599 million)	7,106	7,070
Canadian dollars	(1,637)	(1,852)
Total advances from the Consolidated Revenue Fund	60,469	52,323
Total net revenue for the year	1,672	1,718
Total	62,141	54,041

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2011-2012, payments and other charges consisted of a valuation adjustment of $50 million.

International Monetary Fund—Loans

This account records the value of interest-bearing loans made under Canada's multi-lateral and bi-lateral borrowing arrangements with the IMF. The purpose of these arrangements is to provide temporary resources for IMF-member countries requiring balance of payment assistance.

There are three outstanding lending arrangements with the IMF outside of the quota system: the multi-lateral New Arrangements to Borrow (NAB) and General Arrangements to Borrow (GAB) as well as a temporary bi-lateral borrowing agreement.

Canada's participation in the expanded New Arrangements to Borrow (NAB) became effective on March 11, 2011. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 7,624 million. As at March 31, 2012, SDR 858 million or $1,325 million (nil in 2011) in lending has been provided to the IMF under the NAB.

Canada also participates in the General Arrangements to Borrow (GAB) which was most recently renewed in November 2007. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2012, no lending had been provided to the IMF under the GAB.

Canada's temporary bi-lateral borrowing agreement with the IMF provides for maximum lending to the IMF of US $10 billion. This agreement with the IMF expires on January 31, 2013. Drawings under the bi-lateral agreement have an original term to maturity of three months and bear interest at the SDR rate. As at March 31, 2012, no lending ($1,139 million in 2011) has been provided under this agreement.

Collectively, the outstanding loans under multi-lateral and bi-lateral arrangements with the IMF cannot exceed SDR 8,517 million at any given time. This reflects the maximum commitment under both the NAB and GAB.

At March 31, 2012, a total of SDR 858 million or $1,325 million was outstanding under these arrangements. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 2011-2012, notes payable to the IMF decreased by $202 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2011-2012 receipts and other credits consisted of a valuation adjustment of $47 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

STATEMENT OF RESPONSIBILITY

Responsibility for the financial statements of the Exchange Fund Account (the Account) and all other information presented in the Report on the Management of Canada's Official International Reserves rests with the Department of Finance. The operations of the Account are governed by the provisions of Part II of the *Currency Act*. The Bank of Canada administers the Account, as fiscal agent for the Government of Canada.

The financial statements were prepared in accordance with the accounting policies set out in Note 2 to the financial statements, which are consistent with those used by the Government of Canada, and do not result in any significant differences from Canadian public sector accounting standards. These policies were applied on a basis consistent with that of the preceding year. The information included in these financial statements is based on the best estimates and judgement of the Department of Finance and the Bank of Canada, with due consideration given to materiality.

The Department of Finance establishes policies for the Account's transactions and investments. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada maintains appropriate financial systems and related internal controls to provide reasonable assurance that financial information is reliable, assets are safeguarded and transactions are properly authorized in accordance with the *Currency Act*. The system of internal control is supported by an internal audit department, whose functions include reviewing internal controls, including accounting and financial controls and their application. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of the audit to the Minister of Finance.

The Report on the Management of Canada's Official International Reserves is tabled in Parliament along with the financial statements, which are also part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

MARK CARNEY
Governor
Bank of Canada

MICHAEL HORGAN
Deputy Minister
Department of Finance

SHEILA VOKEY, CA
Chief Accountant
Bank of Canada

Ottawa, Canada
23 May 2012

Exchange Fund Account—*Continued*

INDEPENDENT AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

Report on the Financial Statements

I have audited the accompanying financial statements of the Exchange Fund Account, which comprise the statement of financial position as at 31 March 2012, and the statement of operations and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Exchange Fund Account as at 31 March 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Exchange Fund Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part II of the *Currency Act*.

Nancy Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

23 May 2012
Ottawa, Canada

Exchange Fund Account—*Continued*

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH
(in millions of Canadian dollars)

	2012	2011
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3, 7)	788	314
Investments		
Marketable securities (Note 4, 7)	52,326	44,675
Special drawing rights (Note 5, 7)	9,020	9,046
Gold (Note 7)	6	6
Total investments	61,352	53,727
Total financial assets	62,140	54,041
LIABILITIES		
Due to the Consolidated Revenue Fund (Note 6)	62,140	54,041

Commitments (Note 8)
The accompanying notes are an integral part of these financial statements.

Approved by:

MARK CARNEY
Governor
Bank of Canada

MICHAEL HORGAN
Deputy Minister
Department of Finance

SHEILA VOKEY, CA
Chief Accountant
Bank of Canada

Exchange Fund Account—*Continued*

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31 MARCH
(in millions of Canadian dollars)

	2012	2011
Net revenue from investments		
Marketable securities		
Interest	1,245	1,306
Gains on sale of marketable securities	513	270
Transaction costs and other	(1)	(1)
Cash and cash equivalents	1	1
Special drawing rights	31	30
Total net revenue from investments	1,789	1,606
Other		
Net foreign exchange (loss) gain	(117)	112
Net revenue for the year (Note 1, 6)	1,672	1,718

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH
(in millions of Canadian dollars)

	2012	2011
Cash flows from operating activities		
Interest received		
Marketable securities	1,366	1,401
Other	1	1
Purchase of marketable securities	(48,197)	(40,608)
Proceeds from the sale or maturity of marketable securities	41,054	38,970
Purchase of foreign currencies	448	56
Sale of foreign currencies	(1,845)	(2,697)
Net cash used in operating activities	(7,173)	(2,877)
Cash flows from financing activities		
Increase in advances from the Consolidated Revenue Fund	19,628	14,514
Repayment of advances to the Consolidated Revenue Fund	(12,000)	(11,819)
Net cash provided by financing activities	7,628	2,695
Effects of exchange rate changes on cash and cash equivalents	19	4
Increase (decrease) in cash and cash equivalents	474	(178)
Cash and cash equivalents, beginning of year	314	492
Cash and cash equivalents, end of year (Note 3)	788	314

The accompanying notes are an integral part of these financial statements.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account. The majority of Canada's official international reserves reside inside the Account. The Account represents approximately 94 percent (94 percent at 31 March 2011) of Canada's official reserves. The remainder of the official reserves reside in the foreign currency accounts of the Minister of Finance.

The legislative mandate of the Account is to aid in the control and protection of the external value of the Canadian dollar. The Minister of Finance empowers the Account to acquire or sell assets deemed appropriate for this purpose, in accordance with the Account's Statement of Investment Policy.

Assets held in the Account are managed to provide foreign-currency liquidity to the government and to promote orderly conditions for the Canadian dollar in the foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic, basis and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of the Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year.

2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements. The presentation and results of the Account using these accounting policies do not result in any significant differences from Canadian public sector accounting standards.

(a) Revenue recognition

Revenue from investments is recorded net of transactions costs on an accrual basis and includes interest earned, amortization of premiums and discounts using the straight line method, gains or losses on sales of securities, and revenues from securities lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and Special Drawing Rights.

(b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank of Canada and Department of Finance. These costs are not significant in relation to the asset portfolio and have not been recognized in the financial statements.

In addition, the notional cost specifically identified as related to the funding of the Account's assets and advanced by the CRF is not recognized in the financial statements.

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents consists of cash and short-term deposits. Short-term deposits are recorded at cost and are generally held to maturity.

Deposits held under repurchase agreements

Deposits held under repurchase agreements are recorded at cost. The resulting revenue is included in revenues from marketable securities.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012—*Continued*

Marketable securities

Purchases and sales of securities are recorded at the settlement dates. Marketable securities are recorded at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. The carrying value of marketable securities includes accrued interest. The securities loaned under the securities lending program continue to be accounted for as investment assets.

Short-term deposits, Deposits held under repurchase agreement and Marketable securities are written down to their recoverable amount in the event of an other than temporary impairment in the fair value. Write-downs to reflect other than temporary impairment are included in Net revenue from investments in the Statement of Operations.

Special Drawing Rights

SDR's are initially recorded at cost and are subsequently translated into Canadian dollars at market exchange rates.

Gold

Gold is carried in the Account at a value of 35 SDRs per fine ounce, which approximates cost and conforms to the value used in the *Public Accounts of Canada*.

(d) Translation of foreign currencies and Special Drawing Rights

Assets and advances denominated in foreign currencies and special drawing rights (SDRs) are translated into Canadian dollar equivalents at rates prevailing on the balance sheet date, which were as follows:

TRANSLATION OF FOREIGN CURRENCIES AND SPECIAL DRAWING RIGHTS INTO CANADIAN DOLLAR EQUIVALENTS

	2012	2011
US dollars	0.9975	0.9696
Euros	1.3304	1.3743
Japanese yen	0.0120	0.0117
SDRs	1.5452	1.5373

Gains or losses resulting from the translation of assets and advances denominated in foreign currencies and SDRs, as well as on transactions throughout the fiscal year, are recorded as net foreign exchange gains or losses and are included in the Statement of Operations.

Investment revenue in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the revenue is earned.

(e) Use of estimates and measurement uncertainty

The preparation of the financial statements of the Account requires management to make estimates and assumptions, based on information available as of the date of the financial statements. The most significant use of estimates is in the disclosure of the fair value of assets (Note 7d) and disclosure of the notional cost of advances (Note 6).

3. Cash and cash equivalents

At 31 March, cash and cash equivalents consisted of the following:

CASH AND CASH EQUIVALENTS
(in millions of Canadian dollars)

	2012 Carrying value	2011 Carrying value
Cash		
US dollars	319	228
Euros	163	79
Japanese yen	7	7
Total cash	489	314
Short-term deposits	299	
Total—Cash and cash equivalents	788	314

Short-term deposits are money market transactions where the Account invests funds with designated counterparties.

The weighted-average yield to maturity for short-term deposits at 31 March 2012 was 0.05 percent and the term to maturity was less than 3 months.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012—*Continued*

4. Marketable securities

Marketable securities include treasury notes, treasury bills, bonds and money market instruments.

MARKETABLE SECURITIES
(in millions of Canadian dollars, unless otherwise stated)

	31 March 2012										31 March 2011
Term to maturity	Under 6 months		6 months to 1 year		1 to 5 years		Over 5 years		Total		
	Amortized cost	Yield %	Amortized cost	Yield %	Amortized cost	Yield %	Amortized cost	Yield %	accrued interest	Carrying value	Carrying value
US dollar											
Sovereign	5,983	0.13	72	0.15	4,847	0.91	9,401	3.13	9	20,312	11,953
Supra National	685	0.89	25	1.71	3,767	2.59	1,711	3.51	138	6,326	5,169
Agencies and other	2,192	1.04	101	1.77	2,082	2.99	1,972	3.85	49	6,396	9,675
Total—US dollar	8,860		198		10,696		13,084		196	33,034	26,797
Euro											
Sovereign	891	0.78	320	1.33	4,689	2.69	7,411	2.92	276	13,587	11,257
Supra National			241	3.39	947	3.45	1,075	3.48	55	2,318	2,052
Agencies and other	178	3.18	96	4.06	1,666	3.27	1,051	3.53	54	3,045	4,453
Total—Euro	1,069		657		7,302		9,537		385	18,950	17,762
Japanese yen											
Sovereign			121	0.12	221	0.55				342	116
Total—Japanese yen			121		221					342	116
Total marketable securities	9,929		976		18,219		22,621		581	52,326	44,675

The yield in the above table represents the weighted average yield to maturity based on the amortized cost at the end of the fiscal year for the respective securities.

At 31 March 2012, the net unamortized premium on marketable securities amounted to $435 million ($252 million at 31 March 2011).

Under the securities lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents who guarantee the loans and obtain collateral of equal or greater value from their approved counterparties in these transactions. At 31 March 2012, US$1,807 million (par value) US Treasury Bills (US$117 million (par value) at 31 March 2011) and no Treasury Notes (US$67 million (par value) at 31 March 2011), were being used in the securities lending program with financial institutions.

5. Special Drawing Rights

The special drawing right (SDR) is an international reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement the existing official reserves of member countries. SDRs are allocated to member countries in proportion to their IMF quotas. The SDR serves as the unit of account of the IMF and its value is based on a basket of key international currencies.

6. Due to the Consolidated Revenue Fund (CRF)

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to $100 billion by order of the Minister of Finance in September of 2009.

The CRF advances the proceeds of Canada's borrowings in foreign currencies and allocations of SDRs by the IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions in the level of foreign currency advances from the CRF. Interest payable by Canada on borrowings in foreign currencies and charges on allocations of SDRs to Canada are charged directly to the CRF.

The Account requires Canadian dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada cause reductions in the level of outstanding Canadian-dollar advances, and can result in overall net deposits of Canadian dollars by the Account with the CRF.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012—*Continued*

At 31 March, advances from the CRF were comprised of the following currencies:

CURRENCY COMPOSITION OF ADVANCES FROM THE CRF
(in millions of Canadian dollars)

	2012	2011
US dollars	36,472	29,900
Euros	18,186	16,972
Japanese yen	341	233
SDR's	7,106	7,070
Subtotal Foreign currencies	62,105	54,175
Canadian dollars	(1,637)	(1,852)
Net revenue	1,672	1,718
Total	62,140	54,041

For the year ended 31 March 2012, the notional cost specifically identified as related to the funding of the Account's assets and advanced by the CRF to the Account is $1,489 million ($1,493 million for the year ended 31 March 2011). The notional cost of advanced funds is comprised of the actual interest costs on foreign denominated debt and cross currency swaps for foreign currency advances, and an imputed interest cost calculated using the average funding rate of outstanding Government of Canada market debt, applicable to the net of Canadian dollar and SDR currency advances.

7. Financial instruments

The role of the Account as principal repository of Canada's official international reserves determines the nature of its assets and of its operations, as well as its use of financial instruments.

(a) Credit risk

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the Statement of Investment Policy prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of instruments. The Statement of Investment Policy also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

With respect to the Statement of Investment Policy, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have a credit rating in the top seven categories from two of four designated rating agencies (Standard & Poor's, Moody's, Fitch, and Dominion Bond Rating Service). The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister may appoint agents to perform services concerning the Account. Through the securities-lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

Exchange Fund Account—*Continued*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012—*Continued*

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of foreign liabilities that needs to be rolled over within a one year period. In addition, liquidity risk is mitigated by holding short-term investments that are matched to maturing liabilities.

(d) Fair value of financial assets

FINANCIAL ASSETS
(in millions of Canadian dollars)

	31 March 2012		31 March 2011	
	Carrying value	Fair value	Carrying value	Fair value[1] (restated)
Cash and cash equivalents	788	788	314	314
Investments				
Marketable securities				
US dollar	33,034	34,692	26,797	27,523
Euro	18,950	20,067	17,762	17,965
Japanese yen	342	345	116	117
Total marketable securities	52,326	55,104	44,675	45,605
SDRs	9,020	9,020	9,046	9,046
Gold	6	181	6	152
Total investments	61,352	64,305	53,727	54,803
Total financial assets	62,140	65,093	54,041	55,117

[1] The fair value of marketable securities has been restated to reflect an increase of $604 million for accrued interest omitted in 2011.

The estimated fair value of cash and cash equivalents is deemed equal to their carrying value given their short term to maturity.

Estimated fair values of marketable securities are based on quoted market prices and include accrued interest. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, no marketable securities have been written down to reflect other than temporary impairments in the fair value.

The SDR serves as the unit of account for the IMF and its value is based on a 'basket' of four major currencies, the Euro, US dollar, Pound sterling and Japanese yen. As SDRs are translated into Canadian dollar equivalents at rates prevailing at the balance sheet date, the carrying value approximates fair value on the reporting date.

The estimated fair value of gold is based on London fixing of $1,658.34 at 31 March 2012 ($1,395.25 at 31 March 2011) per fine ounce.

The fair value of marketable securities and SDRs continuously fluctuates as a result of changes in market conditions, including interest rates, foreign exchange rates and market prices. As discussed in notes 7(a) and 7(b), credit and market risks of marketable securities are managed in accordance with the Account's Statement of Investment Policy and the asset-liability management policy. These risk management practices mitigate the risk of fair value fluctuations of marketable securities.

8. Commitments

(a) Foreign currency swaps

Foreign currency swaps are agreements that exchange one type of obligation for another involving different currencies and the exchange of the principal amounts and interest payments. The Account may enter into short-term foreign currency swap arrangements with the Bank of Canada to assist the Bank in its cash-management operations. There were no drawings under this facility during the year ended 31 March 2012 (no drawing during the year ended 31 March 2011), and there were no commitments outstanding at 31 March 2012 (no commitments outstanding at 31 March 2011).

(b) Foreign currency contracts

A foreign currency contract is a commitment to purchase or sell a foreign currency at the spot rate, requiring settlement within two days. In the normal course of operations, the Account enters into foreign currency contracts. At 31 March 2012, the Account had no contracts to sell foreign currency (nil at 31 March 2011) and no unrealized gains (losses) were recorded in net revenue at 31 March 2012 (nil at 31 March 2011).

Exchange Fund Account—*Concluded*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012—*Concluded*

(c) Investment contracts

In the normal course of operations, the Account enters into investment contracts. The following table presents the fair value of investment contracts with contractual amounts outstanding at 31 March. Outstanding investment contracts were settled by 3 April 2012.

INVESTMENT CONTRACTS
(in millions of Canadian dollars)

	2012		2011	
	Contractual value	Fair value	Contractual value	Fair value
Marketable securities				
Euro				
Purchases	191	193		
Sales	192	196		

9. Comparative figures

Certain of the 2011 comparative figures have been reclassified to conform to the current year's presentation.

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SECTION 9

2011-2012

PUBLIC ACCOUNTS OF CANADA

Loans, Investments and Advances

CONTENTS

	Page
Enterprise Crown corporations and other government business enterprises	9.4
Summary financial statements of enterprise Crown corporations and other government business enterprises	9.8
Borrowings by enterprise Crown corporations and other government business enterprises	9.14
Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises	9.15
Contingent liabilities of enterprise Crown corporations and other government business enterprises	9.15
Contractual obligations of enterprise Crown corporations and other government business enterprises	9.16
Financial assistance to enterprise Crown corporations and other government business enterprises	9.17
Portfolio investments	9.18
National governments including developing countries	9.20
International organizations	9.24
Provincial and territorial governments	9.29
Other loans, investments and advances	9.31
Allowance for valuation	9.40

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LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 9.1

LOANS, INVESTMENTS AND ADVANCES

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
Enterprise Crown corporations and other government business enterprises, Table 9.2	135,672,621,127	66,477,643,613	71,488,016,932	130,662,247,808
Portfolio investments, Table 9.11	106,563,989	731,279	13,239,843	94,055,425
National governments including developing countries, Table 9.12	433,090,122	124,343,545	164,353,238	393,080,429
International organizations, Table 9.13	16,661,660,340	937,777,822	234,339,061	17,365,099,101
Provincial and territorial governments, Table 9.14	2,679,693,810	1,857,139,503	1,007,887,720	3,528,945,593
Other loans, investments and advances, Table 9.15	24,871,192,050	4,759,077,613	5,438,834,171	24,191,435,492
	180,424,821,438	74,156,713,375	78,346,670,965	176,234,863,848
Less: allowance for valuation	21,876,067,249	47,775,017	1,486,387,677	23,314,679,909
Total	158,548,754,189	74,204,488,392	79,833,058,642	152,920,183,939

Enterprise Crown Corporations and Other Government Business Enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations within the meaning of the *Financial Administration Act*, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as "other government business enterprises" and include The Canadian Wheat Board and the various Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

i. designation by Parliament, through a special act of incorporation;

ii. statutory authorization; or,

iii. proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the quarterly report entitled *Inventory of Government of Canada Organisations*. Although no longer included as part of this Report, a compilation of the audited financial statements of the parent Crown corporations is also available upon request.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations and other government business enterprises.

TABLE 9.2

ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
Investments—				
Investments and accumulated profits/losses (Table 9.5)	37,225,816,950	3,057,706,000	6,020,833,000	34,262,689,950
Loans and advances[1]—				
Canada Mortgage and Housing Corporation—				
Housing	2,861,968,611		154,962,001	2,707,006,610
Joint projects	665,799,923		32,869,650	632,930,273
Real estate	24,095,547		5,151,518	18,944,029
Sewage treatment projects	77,522,976		12,121,859	65,401,117
Student housing projects	145,156,964		11,295,562	133,861,402
	3,774,544,021		*216,400,590*	*3,558,143,431*
Finance—				
Business Development Bank of Canada	13,223,340,692	25,445,198,570	26,107,100,487	12,561,438,775
Canada Lands Company Limited	74,330,248	35,556,468	17,441,716	92,445,000
Canada Mortgage and Housing Corporation	65,793,810,566	2,551,758,000	5,308,639,471	63,036,929,095
Farm Credit Canada	17,558,200,000	35,356,795,000	33,589,200,000	19,325,795,000
	96,649,681,506	*63,389,308,038*	*65,022,381,674*	*95,016,607,870*
Other—				
Canadian Dairy Commission[2]	47,322,258		47,322,258	
Subtotal—Loans and advances	100,471,547,785	63,389,308,038	65,286,104,522	98,574,751,301
Less:				
Amount expected to be repaid from future appropriations	2,028,115,146		118,522,318	2,146,637,464
Unamortized discounts and premiums	(3,371,538)	30,629,575	62,557,092	28,555,979
Total—Loans and advances	98,446,804,177	63,419,937,613	65,467,183,932	96,399,557,858
Total	135,672,621,127	66,477,643,613	71,488,016,932	130,662,247,808

(1) These loans are recorded at cost.
(2) During the year, Canadian Dairy Commission was reclassified as a consolidated Crown corporation and is now presented in Section 4 of this volume.

The results and financial position of enterprise Crown corporations and other government business enterprises are detailed at Tables 9.3 to 9.5. These tables also show the breakdown of the equity of each corporation between accumulated profits and losses, contributed surplus and capital stock, as well as the details of the Government's investment under the modified equity accounting method.

The Government of Canada has also made loans and advances to various enterprise Crown corporations and other government business enterprises. The following describes loans which were outstanding as of March 31, 2012 or 2011.

Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

Housing

Advances made for moderate to low income housing bear interest at rates from 5 percent to 16.10 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

Joint projects

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 3.50 percent to 17.96 percent per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

Real estate

Advances made for the acquisition and development of real estate bear interest at rates from 9.50 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

Sewage treatment projects

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5 percent to 9.63 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

Student housing projects

Advances made for student housing projects bear interest at rates from 5 percent to 10.05 percent per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

Business Development Bank of Canada

Direct lending to Crown corporations

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an Act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.83 percent to 2.10 percent per annum.

Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act* and is wholly-owned by the Government of Canada. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC), its principal wholly-owned subsidiary. CLC's objective is to carry out a commercially-oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC has acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, no notes have been issued. An amount of $17.4 million was repaid during the year and an amount of $4.8 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

Canada Mortgage and Housing Corporation

Direct lending to Crown corporations

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Included in loans and advances to Canada Mortgage and Housing Corporation is $54,806 million in outstanding lending related to the Insurance Mortgage Purchase Program.

All the loans outstanding at year end bear interest at rates from 0.86 percent to 4.24 percent per annum.

Farm Credit Canada

Direct lending to Crown corporations

The Farm Credit Canada was established in 1959 by the *Farm Credit Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is wholly-owned by the Government of Canada and is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

All the loans outstanding at year end bear interest at rates from 0.79 percent to 3.84 percent per annum.

Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2012 and 2011 is as follows:

	2011-2012	2010-2011
	(in millions of dollars)	
Corporation—		
Business Development Bank of Canada .	111.2	97.9
Canada Mortgage and Housing Corporation	2,301.3	2,308.2
Canadian Dairy Commission(1).........		0.5
Farm Credit Canada	196.5	158.0
Total	2,609.0	2,564.6

(1) During the year, Canadian Dairy Commission was reclassified as a consolidated Crown corporation and is now presented in Section 4 of this volume.

Summary Financial Statements of Enterprise Crown Corporations and Other Government Business Enterprises

The following tables display details of the assets, liabilities, equity, revenues and expenses of enterprise Crown corporations and other government business enterprises.

Tables 9.3 to 9.5 present the assets, liabilities, equity, revenues, expenses and other changes in equity of enterprise Crown corporations and other government business enterprises grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part I of Schedule III of the *Financial Administration Act* and of other competitive and self-sustaining government business enterprises.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. Most enterprise Crown corporations and other government business enterprises follow International Financial Reporting Standards.

Financial assets include cash and cash equivalents, receivables, loans and investments. Financial assets are segregated between third parties and Government, Crown corporations and other entities. The financial assets reported under Government, Crown corporations and other entities represent receivables, loans and investments between related parties. Non-financial assets represent the unexpensed portion of capital assets, inventories and prepayments such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government, Crown corporations and other entities. Borrowings from third parties represent amounts repayable to financial institutions and other investors. Other third party liabilities are amounts due for purchases, pensions and other employee future benefits, accrued interest on borrowings, various other accruals, capital leases and sundry accounts payable. The liabilities reported under Government, Crown corporations and other entities represent payables and borrowings between related parties.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations, when applicable. Expenses are segregated between third parties and Government, Crown corporations and other entities. For fiscal years beginning on or after January 1, 2011, enterprise Crown corporations and other government business enterprises transitioned from Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS) as required by the Public Sector Accounting Board. The requirements of IFRS 1 "First-time Adoption of International Reporting Standards" required retrospective application of IFRS subject to some areas where an alternative treatment was required, or permitted, by application of an IFRS 1 exception or exemption. IFRS transition adjustments in Table 9.5 reflect the impact on the opening equity of enterprise Crown corporations and other government business enterprises as a result of this transition to IFRS. Equity adjustments and other include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits which are recognized in comprehensive income but excluded from net income. Other comprehensive income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of entreprise Crown corporations and other government business enterprises and then, reflected in the government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and are excluded from the consolidated financial statements of their parent Crown corporations.

Enterprise Crown corporations and other government business enterprises are also categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

A summary of financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2012 is provided in Table 9.10.

TABLE 9.3

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES BY SEGMENT

(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2012						
Assets						
Financial—						
Third parties	6,970,155	2,625,658	372,209,730	2,338,574	34,461	384,178,578
Government, Crown corporations and other entities	2,017,629	65,447,116	9,474,600	5,634	6,099	76,951,078
Total financial assets	8,987,784	68,072,774	381,684,330	2,344,208	40,560	461,129,656
Non-financial assets	6,212,015	295,639	1,062,314	1,109,907	30,237	8,710,112
Total assets as reported	15,199,799	68,368,413	382,746,644	3,454,115	70,797	469,839,768
Elimination adjustments	(132,257)	1,178	(168,163)		(355)	(299,597)
Total assets	15,067,542	68,369,591	382,578,481	3,454,115	70,442	469,540,171
Liabilities						
Third parties—						
Borrowings	1,485,835		241,183,418	1,882,539	3,528	244,555,320
Bank of Canada notes in circulation and amounts owing to depositors		58,025,839				58,025,839
Other liabilities	8,012,392	3,578,025	13,782,293	1,571,576	24,886	26,969,172
Government, Crown corporations and other entities	258,526	6,339,113	99,129,512			105,727,151
Total liabilities	9,756,753	67,942,977	354,095,223	3,454,115	28,414	435,277,482
Equity of Canada as reported	5,443,046	425,436	28,651,421		42,383	34,562,286
Elimination adjustments	(132,257)	1,178	(168,163)		(355)	(299,597)
Equity of Canada	5,310,789	426,614	28,483,258		42,028	34,262,689
Total liabilities and equity	15,067,542	68,369,591	382,578,481	3,454,115	70,442	469,540,171
Contingent liabilities	143,269	54,794	2,633,791			2,831,854
Contractual obligations	1,836,474	236,607	39,021,735	47,300	8,913	41,151,029
REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2012						
Revenues						
Third parties	11,427,145	6,249	15,249,919	2,597,174	183,151	29,463,638
Government, Crown corporations and other entities	454,060	1,613,140	2,451,388			4,518,588
Total revenues	11,881,205	1,619,389	17,701,307	2,597,174	183,151	33,982,226
Expenses						
Third parties	11,170,535	370,278	10,763,447	2,589,198	173,135	25,066,593
Government, Crown corporations and other entities	199,529	25,905	3,354,728			3,580,162
Total expenses	11,370,064	396,183	14,118,175	2,589,198	173,135	28,646,755
Net income (loss) for the year	511,141	1,223,206	3,583,132	7,976	10,016	5,335,471
Equity of Canada, beginning of the year as reported	9,777,999	137,130	27,534,612		20,146	37,469,887
IFRS transition adjustments	(2,515,864)	282,700	(1,104,100)	412	(654)	(3,337,506)
Equity adjustments and other	(945)		425	(8,388)	13,025	4,117
Elimination adjustments	(132,257)	1,178	(168,163)		(355)	(299,597)
Other comprehensive income (loss)	(1,884,992)	(197,137)	(144,077)		(150)	(2,226,356)
Equity transactions with the Government—						
Dividends	(444,293)	(1,020,463)	(562,571)			(2,027,327)
Capital			(656,000)			(656,000)
Equity of Canada, end of the year	5,310,789	426,614	28,483,258		42,028	34,262,689

TABLE 9.4

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES—ASSETS, LIABILITIES AND EQUITY AS AT MARCH 31, 2012

(in thousands of dollars)

	Assets			
	Financial			
Enterprise Crown corporations and other government business enterprises(1)	Third parties	Government, Crown corporations and other entities	Non-financial	Total assets
Competitive, self-sustaining				
Blue Water Bridge Authority	7,957	7,928	232,793	248,678
Canada Development Investment Corporation(2)	4,149,319	122,678	149,058	4,421,055
Canada Lands Company Limited	155,011	5,617	330,630	491,258
Parc Downsview Park Inc.	3,126		64,723	67,849
Canada Post Corporation	1,930,689	1,817,673	2,914,460	6,662,822
Halifax Port Authority(3)	6,847	4,029	168,776	179,652
Hamilton Port Authority(3)	23,262		92,907	116,169
Montreal Port Authority(3)	62,093	38,810	241,379	342,282
Prince Rupert Port Authority(3)	22,400		52,259	74,659
Quebec Port Authority(3)	30,305		134,216	164,521
Ridley Terminals Inc.	129,893		146,126	276,019
Royal Canadian Mint	81,565	13,333	263,819	358,717
Saint John Port Authority(3)	20,241		68,802	89,043
Toronto Port Authority(3)	42,072		75,922	117,994
Vancouver Fraser Port Authority(3)	177,646	4	990,440	1,168,090
Other Canada Port Authorities(3)(4)	127,729	7,557	285,705	420,991
Total—Competitive, self-sustaining	*6,970,155*	*2,017,629*	*6,212,015*	*15,199,799*
Bank of Canada	*2,625,658*	*65,447,116*	*295,639*	*68,368,413*
Lending and insurance				
Business Development Bank of Canada	17,158,142		61,740	17,219,882
Canada Deposit Insurance Corporation	659,825	1,781,994	9,099	2,450,918
Canada Mortgage and Housing Corporation(5)	297,235,219	7,611,372	439,590	305,286,181
Export Development Canada	33,453,916	81,234	425,471	33,960,621
Farm Credit Canada	23,702,628		126,414	23,829,042
Total—Lending and insurance	*372,209,730*	*9,474,600*	*1,062,314*	*382,746,644*
Marketing(6)				
Canadian Wheat Board, The(7)	2,330,268	5,634	1,079,641	3,415,543
Freshwater Fish Marketing Corporation	8,306		30,266	38,572
Total—Marketing	*2,338,574*	*5,634*	*1,109,907*	*3,454,115*
Other				
Atlantic Pilotage Authority	5,452		9,024	14,476
Great Lakes Pilotage Authority	571		1,080	1,651
Laurentian Pilotage Authority	17,204		9,201	26,405
Pacific Pilotage Authority	11,234	6,099	10,932	28,265
St. Lawrence Seaway Management Corporation(8)				
Capital Fund Trust				
Employee Termination Benefits Trust Fund				
Total—Other	*34,461*	*6,099*	*30,237*	*70,797*
Total	384,178,578	76,951,078	8,710,112	469,839,768
Elimination adjustments		(200,363)	(99,234)	(299,597)
Total	384,178,578	76,750,715	8,610,878	469,540,171

(1) All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.
Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

(2) The financial information of the Canada Development Investment Corporation is consolidated to include the Canada Hibernia Holding Corporation.

(3) Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

(4) Consists of the combined figures of the Canada Port Authorities of Belledune, Nanaimo, Port Alberni, Saguenay, Sept-Îles, St. John's, Thunder Bay, Trois-Rivières and Windsor.

Liabilities								
Third parties								
Borrowings	Other	Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
101,350	8,214	73	109,637	139,041			139,041	248,678
	125,888	340	126,228	1,078,532	3,216,294	1	4,294,827	4,421,055
11,573	28,951	59,081	99,605	246,572	145,081		391,653	491,258
60,000	16,520	19,000	95,520	(27,671)			(27,671)	67,849
1,050,963	7,328,638	90,608	8,470,209	(2,962,558)	1,155,171		(1,807,387)	6,662,822
17,605	18,100	553	36,258	92,537	50,857		143,394	179,652
	6,171		6,171	91,632	18,366		109,998	116,169
	101,021	854	101,875	5,208	235,199		240,407	342,282
13,826	7,223		21,049	17,397	36,213		53,610	74,659
8,376	18,663	60,127	87,166	20,093	57,262		77,355	164,521
39,688	83,066	745	123,499	(47,522)	64,000	136,042	152,520	276,019
10,475	64,716	17,760	92,951	225,766		40,000	265,766	358,717
	6,425		6,425	20,959	61,659		82,618	89,043
16,372	33,125		49,497	68,497			68,497	117,994
103,534	96,559	1,393	201,486	816,345	150,259		966,604	1,168,090
52,073	69,112	7,992	129,177	137,039	154,775		291,814	420,991
1,485,835	*8,012,392*	*258,526*	*9,756,753*	*(78,133)*	*5,345,136*	*176,043*	*5,443,046*	*15,199,799*
	61,603,864	*6,339,113*	*67,942,977*	*395,436*	*25,000*	*5,000*	*425,436*	*68,368,413*
657,598	478,868	12,573,436	13,709,902	1,393,802	27,778	2,088,400	3,509,980	17,219,882
	1,156,813	1,713	1,158,526	1,292,392			1,292,392	2,450,918
215,472,161	10,056,493	67,120,193	292,648,847	12,612,324	25,010		12,637,334	305,286,181
24,140,663	1,695,926	4,333	25,840,922	6,786,499		1,333,200	8,119,699	33,960,621
912,996	394,193	19,429,837	20,737,026	2,544,291	547,725		3,092,016	23,829,042
241,183,418	*13,782,293*	*99,129,512*	*354,095,223*	*24,629,308*	*600,513*	*3,421,600*	*28,651,421*	*382,746,644*
1,858,843	1,556,700		3,415,543					3,415,543
23,696	14,876		38,572					38,572
1,882,539	*1,571,576*		*3,454,115*					*3,454,115*
3,528	3,341		6,869	7,607			7,607	14,476
	5,551		5,551	(3,982)	82		(3,900)	1,651
	8,888		8,888	17,517			17,517	26,405
	7,106		7,106	21,159			21,159	28,265
3,528	*24,886*		*28,414*	*42,301*	*82*		*42,383*	*70,797*
244,555,320	84,995,011	105,727,151	435,277,482	24,988,912	5,970,731	3,602,643	34,562,286	469,839,768
				(299,597)			(299,597)	(299,597)
244,555,320	84,995,011	105,727,151	435,277,482	24,689,315	5,970,731	3,602,643	34,262,689	469,540,171

(5) During the year, Canada Mortgage and Housing Corporation – Minister's Account was reclassified from a consolidated Crown corporation presented in Section 4 of this volume to an enterprise Crown corporation.

(6) During the year, Canadian Dairy Commission – Marketing operations was reclassified as a consolidated Crown corporation and is now presented in Section 4 of this volume.

(7) The Canadian Wheat Board, which is not a Crown corporation or agent of the Crown, is considered an other government business enterprise.

(8) During the year, St. Lawrence Seaway Management Corporation, Capital Fund Trust and Employee Termination Benefits Trust Fund were reclassified as consolidated Crown corporations and are now presented in Section 4 of this volume.

TABLE 9.5

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES FOR THE YEAR ENDED MARCH 31, 2012

(in thousands of dollars)

	Revenues			Expenses		
Enterprise Crown corporations and other government business enterprises	Third parties	Government, Crown corporations and other entities [1]	Total	Third parties	Government, Crown corporations and other entities	Total
Competitive, self-sustaining						
Blue Water Bridge Authority	21,146		21,146	24,446		24,446
Canada Development Investment Corporation	534,602	(48,096)	486,506	96,182	45,486	141,668
Canada Lands Company Limited	202,921	8,832	211,753	116,706	13,930	130,636
Parc Downsview Park Inc.	17,782	692	18,474	18,444	171	18,615
Canada Post Corporation	7,169,627	351,122	7,520,749	7,655,372	81,290	7,736,662
Halifax Port Authority	29,964		29,964	22,470	1,196	23,666
Hamilton Port Authority	18,231		18,231	15,039		15,039
Montreal Port Authority	88,093	933	89,026	79,062	4,541	83,603
Prince Rupert Port Authority	21,886	6,471	28,357	18,143	1,021	19,164
Quebec Port Authority	33,729	1,218	34,947	26,385	1,125	27,510
Ridley Terminals Inc.	71,609		71,609	(39,504)	5,862	(33,642)
Royal Canadian Mint	2,910,320	132,406	3,042,726	2,973,453	36,943	3,010,396
Saint John Port Authority	16,581		16,581	15,579	489	16,068
Toronto Port Authority	47,047		47,047	29,044		29,044
Vancouver Fraser Port Authority	186,388	94	186,482	84,747	6,428	91,175
Other Canada Port Authorities	57,219	388	57,607	34,967	1,047	36,014
Total—Competitive, self-sustaining	*11,427,145*	*454,060*	*11,881,205*	*11,170,535*	*199,529*	*11,370,064*
Bank of Canada	*6,249*	*1,613,140*	*1,619,389*	*370,278*	*25,905*	*396,183*
Lending and insurance						
Business Development Bank of Canada	1,024,595	(111,150)	913,445	388,959	4,151	393,110
Canada Deposit Insurance Corporation	234,750	29,342	264,092	78,615	5,596	84,211
Canada Mortgage and Housing Corporation	11,550,974	2,532,333	14,083,307	9,303,104	3,135,563	12,438,667
Export Development Canada	1,319,902	863	1,320,765	640,456	6,373	646,829
Farm Credit Canada	1,119,698		1,119,698	352,313	203,045	555,358
Total—Lending and insurance	*15,249,919*	*2,451,388*	*17,701,307*	*10,763,447*	*3,354,728*	*14,118,175*
Marketing						
Canadian Wheat Board, The	2,533,232		2,533,232	2,533,232		2,533,232
Freshwater Fish Marketing Corporation	63,942		63,942	55,966		55,966
Total—Marketing	*2,597,174*		*2,597,174*	*2,589,198*		*2,589,198*
Other						
Atlantic Pilotage Authority	21,366		21,366	20,400		20,400
Great Lakes Pilotage Authority	19,496		19,496	18,958		18,958
Laurentian Pilotage Authority	76,634		76,634	71,750		71,750
Pacific Pilotage Authority	65,655		65,655	62,027		62,027
St. Lawrence Seaway Management Corporation						
Capital Fund Trust						
Employee Termination Benefits Trust Fund						
Total—Other	*183,151*		*183,151*	*173,135*		*173,135*
Total	29,463,638	4,518,588	33,982,226	25,066,593	3,580,162	28,646,755
Elimination adjustments						
Total net results	29,463,638	4,518,588	33,982,226	25,066,593	3,580,162	28,646,755
Less equity adjustments						
Share of annual profit						

The accompanying notes for Table 9.4 are an integral part of this table.

[1] Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income, financial assistance as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under "Equity transactions with the Government".

Net income (loss)	Equity beginning of year	IFRS transition adjustments	Equity adjustments and other	Other comprehensive income (loss)	Equity transactions with the Government		Equity end of year
					Dividends	Capital	
(3,300)	87,328	55,013					139,041
344,838	4,818,275	83,661		(538,454)	(413,493)		4,294,827
81,117	314,270	17,066			(20,800)		391,653
(141)	(6,023)	(21,507)					(27,671)
(215,913)	2,261,364	(2,567,660)	370	(1,285,548)			(1,807,387)
6,298	142,376	(1,609)		(3,671)			143,394
3,192	109,819	(835)	1	(2,179)			109,998
5,423	285,175	(10,563)		(39,628)			240,407
9,193	94,244	(47,898)		(1,929)			53,610
7,437	54,918	15,000					77,355
105,251	60,006	(8,496)		(4,241)			152,520
32,330	245,298	279	32	(2,173)	(10,000)		265,766
513	83,134	(1,029)					82,618
18,003	58,487	(7,854)		(139)			68,497
95,307	898,583	(22,198)		(5,088)			966,604
21,593	270,745	2,766	(1,348)	(1,942)			291,814
511,141	*9,777,999*	*(2,515,864)*	*(945)*	*(1,884,992)*	*(444,293)*		*5,443,046*
1,223,206	*137,130*	*282,700*		*(197,137)*	*(1,020,463)*		*425,436*
520,335	4,008,321	(165,119)		(152,486)	(45,071)	(656,000)	3,509,980
179,881	1,111,987	618		(94)			1,292,392
1,644,640	11,585,887	(724,941)	425	131,323			12,637,334
673,936	8,073,164	(127,401)			(500,000)		8,119,699
564,340	2,755,253	(87,257)		(122,820)	(17,500)		3,092,016
3,583,132	*27,534,612*	*(1,104,100)*	*425*	*(144,077)*	*(562,571)*	*(656,000)*	*28,651,421*
7,976		412	(8,388)				
7,976		*412*	*(8,388)*				
966	7,726	(935)		(150)			7,607
538	(4,126)		(312)				(3,900)
4,884	12,633						17,517
3,628	17,250	281					21,159
	(12,373)		12,373				
	(964)		964				
10,016	*20,146*	*(654)*	*13,025*	*(150)*			*42,383*
5,335,471	37,469,887	(3,337,506)	4,117	(2,226,356)	(2,027,327)	(656,000)	34,562,286
	(244,071)		10,392	(65,918)			(299,597)
5,335,471	37,225,816	(3,337,506)	14,509	(2,292,274)	(2,027,327)	(656,000)	34,262,689
14,509			(14,509)				
5,349,980	37,225,816	(3,337,506)		(2,292,274)	(2,027,327)	(656,000)	34,262,689

Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.6 summarizes the borrowing transactions by agent and non-agent enterprise Crown corporations and other government business enterprises.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times be guaranteed by the Government.

TABLE 9.6

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

	Balance April 1/2011(1)	Borrowings and other credits	Repayments and other charges	Balance March 31/2012
Agent enterprise Crown corporations				
Business Development Bank of Canada	896,599		239,001	657,598
Canada Mortgage and Housing Corporation	202,276,884	40,896,231	27,700,954	215,472,161
Canada Post Corporation	1,050,818	145		1,050,963
Export Development Canada	22,032,649	32,599,441	30,491,427	24,140,663
Farm Credit Canada	1,292,634	618,659	998,297	912,996
Freshwater Fish Marketing Corporation	27,587	23,696	27,587	23,696
Parc Downsview Park Inc.	53,000	7,000		60,000
Royal Canadian Mint	11,974		1,499	10,475
Total—Agent enterprise Crown corporations	227,642,145	74,145,172	59,458,765	242,328,552
Non-agent enterprise Crown corporations and other government business enterprises				
Atlantic Pilotage Authority	3,769		241	3,528
Blue Water Bridge Authority	90,476	12,649	1,775	101,350
Canada Lands Company Limited(2)	111,247		99,674	11,573
Canadian Wheat Board, The	2,177,190	10,558,313	10,876,660	1,858,843
Halifax Port Authority(3)	7,320	10,285		17,605
Pacific Pilotage Authority	3,468		3,468	
Prince Rupert Port Authority(3)	15,869		2,043	13,826
Quebec Port Authority(3)	19,016		10,640	8,376
Ridley Terminals Inc.		40,000	312	39,688
Toronto Port Authority(3)	17,294		922	16,372
Vancouver Fraser Port Authority(3)	123,695	4,700	24,861	103,534
Other Canada Port Authorities(3)	37,723	27,826	13,476	52,073
Total—Non-agent enterprise Crown corporations and other government business enterprises	2,607,067	10,653,773	11,034,072	2,226,768
Total	230,249,212	84,798,945	70,492,837	244,555,320
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises	230,249,212			244,555,320
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Consolidated Statement of Financial Position				

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(1) Certain comparative figures have been reclassified to conform to the current year's presentation.

(2) Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company CLC Limited, which is not an agent of the Crown.

(3) The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

Maturity and Currency of Borrowings by Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.7 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations and other government business enterprises, as at March 31, 2012.

TABLE 9.7

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2012	47,015,133	1,680,861	48,695,994
2013	47,366,970	18,423	47,385,393
2014	39,463,634	179,259	39,642,893
2015	30,828,274	14,393	30,842,667
2016	37,099,476	13,666	37,113,142
Subsequent years	40,555,065	320,166	40,875,231
Total	242,328,552	2,226,768	244,555,320(1)

(1) The borrowings are composed in Canadian dollar equivalent of 16,965,490 USD, 2,309,645 GBP, 543,744 JPY, 2,019,023 AUD, 10,670 EUR, 160,093 NZD, 27,246 TRY, 458,880 SWK, 454,261 NOK, 271,040 HKD, 323,846 CHF and 221,011,382 CAD.

Contingent Liabilities of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.8 summarizes the contingent liabilities of enterprise Crown corporations and other government business enterprises. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 9.8

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES

(in thousands of dollars)

	March 31/2012
Bank of Canada—Callable shares	54,794
Business Development Bank of Canada—Loan guarantees	30,900
Canada Lands Company Limited—Letters of credit	20,772
Canada Mortgage and Housing Corporation—	
Claims and pending and threatened litigation	19,000
Letters of credit	88,000
Export Development Canada—Loan guarantees	2,600,711
Farm Credit Canada—Letters of credit	2,180
Hamilton Port Authority—Claims and pending and threatened litigation	277
Montreal Port Authority—Claims and pending and threatened litigation	2,062
Royal Canadian Mint—Loan Guarantees	12,200
Vancouver Fraser Port Authority—Claims and pending and threatened litigation	958
Total	2,831,854

Contractual Obligations of Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.9 summarizes the contractual obligations of enterprise Crown corporations and other government business enterprises. A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract. Contractual obligations are classified into four main categories: transfer payment agreements, loans authorized but undisbursed, capital expenditures and operating leases.

TABLE 9.9

CONTRACTUAL OBLIGATIONS OF ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES AT MARCH 31, 2012

(in thousands of dollars)

	Transfer payment agreements	Loans	Capital expenditures	Operating leases and other	Total
Bank of Canada				236,607	236,607
Business Development Bank of Canada		2,243,193		177,086	2,420,279
Canada Deposit Insurance Corporation				12,282	12,282
Canada Development Investment Corporation				23,742	23,742
Canada Lands Company Limited			17,285		17,285
Parc Downsview Park Inc.			6,800	79	6,879
Canada Mortgage and Housing Corporation	19,982,603	235,672			20,218,275
Canada Post Corporation				1,217,000	1,217,000
Canadian Wheat Board, The			47,300		47,300
Export Development Canada		12,175,246		636,000	12,811,246
Farm Credit Canada		3,357,337	20,426	181,890	3,559,653
Halifax Port Authority			6,023	10	6,033
Hamilton Port Authority				44	44
Laurentian Pilotage Authority			6,926	1,296	8,222
Montreal Port Authority			5,402	3,195	8,597
Pacific Pilotage Authority				691	691
Ridley Terminals Inc.			25,608	304,400	330,008
Royal Canadian Mint			55,600	134,054	189,654
Vancouver Fraser Port Authority			31,632	4,997	36,629
Other Canada Port Authorities			347	256	603
Total	19,982,603	18,011,448	223,349	2,933,629	41,151,029

Financial Assistance to Enterprise Crown Corporations and Other Government Business Enterprises

Table 9.10 summarizes financial assistance for both agent and non-agent enterprise Crown corporations and other government business enterprises. It should be read in conjunction with Table 9.5. The purpose for which payments have been made is segregated between: *(a)* amounts recorded as program transactions; *(b)* amounts recorded as operating transactions; and, *(c)* amounts used for the acquisition of capital assets.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 9.10

FINANCIAL ASSISTANCE TO ENTERPRISE CROWN CORPORATIONS AND OTHER GOVERNMENT BUSINESS ENTERPRISES
FOR THE YEAR ENDED MARCH 31, 2012

(in thousands of dollars)

	Program	Operating	Capital	Financial assistance
Canada Mortgage and Housing Corporation[1]	2,048,259			2,048,259
Canada Post Corporation	22,210			22,210
Total	2,070,469			2,070,469

(1) Includes budgetary appropriations for Government programs known as the "Minister's Account".

Portfolio Investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of portfolio investments.

TABLE 9.11

PORTFOLIO INVESTMENTS

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
Lower Churchill Development Corporation Limited—Natural Resources	14,750,000			14,750,000
Other—				
Co-operative Housing Project—Environment—Parks Canada Agency	337,106			337,106
Canada Pension Plan Investment Board—Finance	100			100
Canada Investment Fund for Africa—Foreign Affairs and International Trade—Canadian International Development Agency	91,004,730	731,279	13,239,842	78,496,167
Equity Ownership—Industry—National Research Council of Canada	471,953		1	471,952
Public Sector Pension Investment Board—Treasury Board	100			100
North Portage Development Corporation—Western Economic Diversification				
	91,813,989	731,279	13,239,843	79,305,425
Total	106,563,989	731,279	13,239,843	94,055,425

Lower Churchill Development Corporation Limited

The Lower Churchill Development Corporation (LCDC) was incorporated in 1978 under the *Companies Act of Newfoundland*, with the objective of developing all or part of the hydroelectric potential of the Lower Churchill Basin. It is owned 51 percent by Newfoundland and Labrador Hydro, the designate for the Government of Newfoundland and Labrador, and 49 percent by Canada. LCDC in not an active operating company.

Canada owns 1,475 class A shares, which it purchased for $10,000 per share in the initial years of the corporation. Funds were used to finance feasibility studies for proposed Lower Churchill projects. The corporation's only asset was an Option Right to purchase the Gull Island Production Company's assets and acquire hydroelectric development rights on the Lower Churchill River, granted by the Government of Newfoundland and Labrador in exchange for its initial ownership stake, valued at $5,200,000.

The option has expired and has not been extended by the province, resulting in an investment write-down for LCDC.

Co-operative Housing Project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with five other entities, to provide accommodation for Parks Canada employees and employees of other entities in Banff, Alberta.

Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board ("Board") was created pursuant to the *Canada Pension Plan Investment Board Act*. The Board's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are included in the CPP financial statements. They are excluded from the Government's consolidated financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: *(i)* $100 million or *(ii)* the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. From thereon, until the term of the partnership is reached on December 31, 2013, the Canadian International Development Agency will only receive income returns of capital. Since its inception, the Canadian International Development Agency received capital reimbursement from CIFA amounting to $26.5 million and investment income of $5.7 million.

Equity Ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)(b) of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represents a minority interest in three publicly traded companies and one privately held company. During the year, the shares of one privately held company were sold.

Public Sector Pension Investment Board

The Public Sector Pension Investment Board ("Board") was created pursuant to the *Public Sector Pension Investment Board Act*. Its mandate is to invest the amounts transferred by the Government of Canada equal to the proceeds of the net contributions since April 1, 2000 for the pension plans of the Public Service, Canadian Forces, Royal Canadian Mounted Police and since March 1, 2007 for the Reserve Force Pension Plan. The Board's objective is to achieve maximum rates of return on investments, without undue risk while respecting the requirements and financial obligations of those plans.

The Government holds 100 percent of the share capital of the corporation that consists of 10 shares having a fair value of $10 each issued as per legislation. The assets managed by the Board are recorded against the pension liability.

North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

National Governments Including Developing Countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 9.12

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
Foreign Affairs and International Trade— Development of export trade (loans administered by Export Development Canada)	151,992,655	55,368,637	61,796,409	145,564,883
Foreign Affairs and International Trade— Canadian International Development Agency— Developing countries—International development assistance	281,097,467	68,972,412	102,554,333	247,515,546
National Defence— North Atlantic Treaty Organization—Damage claims recoverable		2,496	2,496	
Total	433,090,122	124,343,545	164,353,238	393,080,429

Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to national governments, together with their terms and conditions of repayments.

		Payments and other charges		Receipts and other credits		
	April 1/2011	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2012
	$	$	$	$	$	$
NON-BUDGETARY LOANS[3]—						
(a) 6 to 10 year term, 0 percent interest per annum, with final repayments in in December 2011:						
Congo	1,827,349			1,827,349		
(b) 6 to 10 year term, interest based on London Interbank Offered Rate (LIBOR), plus a range of rates from 1.2 percent to 2.1 percent per annum, with final repayments in December 2010:						
Cameroon	790,586			790,586		
(c) 11 to 15 year term, 7.75 percent to 8.26 percent interest per annum, with final repayments in March 2007:						
Argentina	25,825,508		739,064			26,564,572
(d) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 1.0 percent per annum, with final repayments between December 2019 and June 2020:						
Kenya	830,210		24,168	22,644		831,734
(e) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5 percent to 0.63 percent per annum, with final repayments between October 2018 and June 2021:						
Indonesia	507,397		14,706	30,361		491,742
Venezuela	46,042,999		1,209,591	7,714,007		39,538,583
	46,550,396		*1,224,297*	*7,744,368*		*40,030,325*
(f) 21 to 25 year term, 9.0 percent to 10.0 percent interest per annum, with final repayments in September 2000:						
Sudan	3,496,446		358,031			3,854,477
(g) 21 to 25 year term, interest based on LIBOR, plus 0.55 percent per annum, with final repayments in November 2024:						
Pakistan	5,909,407		172,462	167,128		5,914,741
Insurance claims paid during the year:						
Haiti	373,129			373,129		
Russia	12,105,934			12,105,934		
	12,479,063			*12,479,063*		
Total—Non-budgetary loans	97,708,965		2,518,022	23,031,138		77,195,849
BUDGETARY LOANS[3]—						
(a) 21 to 25 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2011 and November 2015:						
Indonesia	11,961,450		337,821	2,840,882		9,458,389
(b) 26 to 30 year term, 3.0 percent interest per annum, with final repayments between December 2016 and April 2018:						
Algeria	3,846,000			568,000		3,278,000

		Payments and other charges		Receipts and other credits		
	April 1/2011	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2012
	$	$	$	$	$	$
(c) 31 to 55 year term, 0 percent to 10.29 percent interest per annum, with final repayments between September 2029 and February 2045:						
Cameroon	11,333,157			11,333,157		
China	399,412,980	394,122	11,632,642	16,585,915		394,853,829
Egypt	8,548,626		66,620	323,824		8,291,422
Gabon	7,097,892		207,818	248,310		7,057,400
India	40,500,050		1,173,127	1,271,367		40,401,810
Jamaica	4,879,699		139,403	179,621		4,839,481
Morocco	68,931,292		1,986,637	2,536,721		68,381,208
Turkey	83,318,777		2,368,604	2,659,360		83,028,021
	624,022,473	*394,122*	*17,574,851*	*35,138,275*		*606,853,171*
(d) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0 percent to 2.21 percent per annum, with final repayments between December 2018 and December 2033:						
Kenya	4,679,629		135,957	218,114		4,597,472
Total—Budgetary loans	644,509,552	394,122	18,048,629	38,765,271		624,187,032
Subtotal	742,218,517	394,122	20,566,651	61,796,409		701,382,881
Less: portion expensed due to concessionary terms	590,225,862	34,407,864				555,817,998
Total	151,992,655	34,801,986	20,566,651	61,796,409		145,564,883

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

(3) Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.

Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International Organizations".

In 2006-2007, the Government of Canada, as represented by the Canadian International Development Agency, entered into an agreement with the Government of Pakistan to forgive its outstanding $447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009-2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the current present value of its debt. According to the agreement, Pakistan's debt is to be written down proportionally by the Canadian International Development Agency as the investments are made in 2011-2012. The Government of Pakistan has invested in its education sector program and those investments permitted the Canadian International Development Agency to grant the Government of Pakistan a debt forgiveness equivalent to $81,546,151. Since 2009-2010, the Government of Pakistan's debt has been reduced by the total amount of $146,484,685.

	April 1/2011	Payments and other charges	Receipts and other credits[1]	March 31/2012
	$	$	$	$
(a) 30 year term, 7 year grace period, 3.0 percent interest per annum, with final repayment in March 2005:				
Cuba	9,547,012			9,547,012
(b) 35 year term, 4 year grace period, 5.0 percent interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt	44,995,933			44,995,933
(c) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	5,319,821		427,722	4,892,099
Argentina	112,000		18,667	93,333
Bolivia	466,346		42,395	423,951
Brazil	167,309		20,914	146,395
Chile	637,402		98,062	539,340
Colombia	184,156		26,308	157,848
Dominican Republic	2,942,285		236,045	2,706,240
Ecuador	3,237,354		304,919	2,932,435
Guatemala	1,581,250		100,000	1,481,250
Indonesia	153,725,255		9,222,219	144,503,036
Malaysia	1,293,948		62,935	1,231,013
Malta	324,980		25,000	299,980
Mexico	16,628		2,771	13,857
Morocco	5,450,392		586,001	4,864,391
Myanmar (Burma)	8,306,202			8,306,202
Pakistan	382,569,000		81,546,151	301,022,849
Paraguay	109,979		19,996	89,983
Peru	26,100		3,730	22,370
Philippines	1,354,790		97,159	1,257,631
Sri Lanka	71,173,489		4,325,399	66,848,090
Thailand	15,398,311		847,120	14,551,191
Tunisia	41,992,885		3,295,729	38,697,156
	696,389,882		*101,309,242*	*595,080,640*
(d) 50 year term, 13 year grace period, non-interest bearing, with the final repayment in March 2023:				
Algeria	14,941,096		1,245,091	13,696,005
Subtotal	765,873,923		102,554,333	663,319,590
Less: portion expensed due to concessionary terms	484,776,456	68,972,412		415,804,044
Total	281,097,467	68,972,412	102,554,333	247,515,546

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

[1] Receipts and other credits may include transactions such as repayments, forgiveness, etc.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International Organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.6 (Section 11 of this volume).

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of ($1 US/$0.9975 Cdn).

Tables 11.4 and 11.6 (Section 11 of this volume) present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The notes payable outstanding at year end of $471,283,025 ($413,184,396 in 2011) are reported in Table 5.3 (Section 5 of this volume).

TABLE 9.13

INTERNATIONAL ORGANIZATIONS

		Payments and other charges		Receipts and other credits		
	April 1/2011	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31/2012
	$	$	$	$	$	$
Capital subscriptions(1)—						
Finance—						
European Bank for Reconstruction and Development	209,625,259		6,031,915			215,657,174
International Bank for Reconstruction and Development (World Bank)	326,321,168	57,127,592	8,934,977			392,383,737
International Finance Corporation	78,869,204		2,269,441			81,138,645
Multilateral Investment Guarantee Agency	10,405,990		299,429			10,705,419
	625,221,621	*57,127,592*	*17,535,762*			*699,884,975*
Foreign Affairs and International Trade—						
Canadian International Development Agency—						
African Development Bank	106,892,261	55,804,066	1,784,163			164,480,490
Asian Development Bank	190,835,172	35,286,163	3,564,630			229,685,965
Caribbean Development Bank	19,404,435	3,293,518	526,761			23,224,714
Inter-American Development Bank	174,812,449	13,486,725	5,009,473			193,308,647
	491,944,317	*107,870,472*	*10,885,027*			*610,699,816*
	1,117,165,938	*164,998,064*	*28,420,789*			*1,310,584,791*

TABLE 9.13
INTERNATIONAL ORGANIZATIONS—*Concluded*

		Payments and other charges		Receipts and other credits		
	April 1/2011	Participation or other charges	Revaluation	Reimbursements or other credits	Revaluation	March 31/2012
	$	$	$	$	$	$
Loans and advances—						
Finance—						
Global Environment Facility(2)	10,000,000					10,000,000
International Development Association(2)	8,964,498,061	441,620,000				9,406,118,061
International Finance Corporation—Financial Mechanism for Climate Change Facility	268,576,800					268,576,800
International Finance Corporation—Global Agriculture and Food Security Program	48,000,000					48,000,000
International Finance Corporation—Global Trade Liquidity Program	193,920,000		5,903,461	199,823,461		
International Monetary Fund—Poverty Reduction and Growth Trust(1)	144,141,629		1,019,486	34,189,100		110,972,015
	9,629,136,490	*441,620,000*	*6,922,947*	*234,012,561*		*9,843,666,876*
Foreign Affairs and International Trade—						
International organizations and associations(1)—						
Berne Union of the World Intellectual Property Organization	39,192					39,192
Customs Co-operation Council	9,662					9,662
Food and Agriculture Organization	1,051,200					1,051,200
General Agreement on Tariffs and Trade	48,806					48,806
International Atomic Energy Agency	447,110					447,110
International Civil Aviation Organization	200,429					200,429
International Maritime Organization	2,202					2,202
Paris Union of the World Intellectual Property Organization	100,989					100,989
United Nations Educational, Scientific and Cultural Organization	872,987					872,987
United Nations organizations	3,632,480					3,632,480
World Health Organization	181,122					181,122
	6,586,179					*6,586,179*
Canadian International Development Agency—						
International financial institutions(2)—						
African Development Bank	1,218,895			125,000		1,093,895
African Development Fund	2,213,525,411	108,538,495	2,092,498			2,324,156,404
Andean Development Corporation	1,562,500			125,000		1,437,500
Asian Development Bank—Special	27,027,000					27,027,000
Asian Development Fund	2,067,434,509	47,690,125				2,115,124,634
Caribbean Development Bank—Agricultural Development Fund	2,000,000					2,000,000
Caribbean Development Bank—Commonwealth Caribbean Regional	3,878,400		111,600			3,990,000
Caribbean Development Bank—Special	248,973,855	17,585,000	350,145			266,909,000
Central American Bank for Economic Integration	497,280			76,500		420,780
Global Environment Facility Trust Fund	562,070,000	54,750,000				616,820,000
Inter-American Development Bank—Fund for Special Operations	331,256,962	863,397	5,040,921			337,161,280
International Bank for Reconstruction and Development	19,392,000	558,000				19,950,000
International Fund for Agriculture Development	291,883,396	50,000,000				341,883,396
International Monetary Fund	10,635,962		306,047			10,942,009
Montreal Protocol Multilateral Fund	83,377,840	3,834,018	744,496			87,956,354
Multilateral Investment Fund	46,123,505	3,184,789				49,308,294
	5,910,857,515	*287,003,824*	*8,645,707*	*326,500*		*6,206,180,546*
	15,546,580,184	*728,623,824*	*15,568,654*	*234,339,061*		*16,056,433,601*
Subtotal	16,663,746,122	893,621,888	43,989,443	234,339,061		17,367,018,392
Less: portion expensed due to concessionary terms	2,085,782	166,491				1,919,291
Total	16,661,660,340	893,788,379	43,989,443	234,339,061		17,365,099,101

(1) Loans and investments made prior to April 1, 1986 which were authorized by non-budgetary authorities.
(2) Loans and investments made since April 1, 1986 which were authorized by budgetary authorities.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 102,049 shares of the EBRD's authorized capital valued at 1,020,490,000 EUR. During the year, Canada subscribed to 30,614 callable shares with a value of 306,140,000 EUR.

Only 212,850,000 EUR or about 21 percent of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 807,640,000 EUR.

Up to and including March 31, 2012, Canada's total cash contributions into the "paid-in" capital of the EBRD total $216,197,668 US.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2012, Canada has subscribed to 52,709 shares. The total value of these shares is $6,358,550,215 US, of which $376,921,987 US plus $16,404,055 Cdn has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is $5,966 million US.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2012, Canada has subscribed to 81,342 shares. These shares have a total value of $81,342,000 US, all of which has been paid-in.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2012, Canada has subscribed to 5,225 shares. The total value of these shares is $56,534,500 US, of which $10,732,250 US is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is $45,802,250 US.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,016 paid-in shares and 227,656 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2012, Canada's participation to the paid-in capital is $164,480,490 Cdn for 12,111 paid-in shares and of these paid-in shares, 7,583 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $984,917,646 Cdn and $2,589,372,302 US for a total value of $3,567,816,517 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid-in shares and 527,490 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2012, Canada's participation to the paid-in capital is $229,685,965 Cdn for 18,883 paid-in shares. Of these paid-in shares, 16,513 were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $5,820,156,210 US and $596,976,219 Cdn for a total value of $6,402,582,039 Cdn.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid-in shares and 20,294 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2012, Canada's participation to the paid-in capital is $23,224,714 Cdn for 2,850 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $122,408,132 US for a total value of $122,102,111 Cdn.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 20,034 paid-in shares and 655,377 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 2012, Canada's participation to the paid-in capital is $193,308,647 Cdn for 15,401 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of $7,906,096,123 US for a total value of $7,886,330,883 Cdn.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2012, advances to the GEF amounted to $10,000,000 Cdn.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L15, *Appropriation Act No. 1, 2011-2012* and Finance Vote L15b, *Appropriation Act No. 3, 2011-2012*). The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable.

As at March 31, 2012, Canada's total participation in IDA amounted to $9,406,118,061 Cdn.

International Finance Corporation—Financial Mechanisms for Climate Change Facility

This account records Canada's financial support of the International Finance Corporation's (IFC)—Financial Mechanisms for Climate Change (FMCC) facility as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts (including Finance Vote L12b, *Appropriation Act No. 4, 2010-2011*). The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional financing arrangements.

As at March 31, 2012, advances to the IFC-FMCC amounted to $268,576,800 Cdn. Amounts are recovered through the FMCC trust mechanism based on the terms and conditions of project funding which is administered by the IFC in accordance with the administration agreement signed between the IFC and the Government of Canada.

International Finance Corporation—Global Agriculture and Food Security Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the G8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts.

As at March 31, 2012, advances to the IFC-FSI amounted to $48,000,000 Cdn.

International Finance Corporation—Global Trade Liquidity Program

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the Global Trade Liquidity Program (GTLP) as authorized by the *Bretton Woods and related Agreements Act*, and various appropriation acts and is interest-bearing.

During the year, this financial assistance was repaid in full, less administrative costs totalling $3 million US, which were retained by the IFC.

International Monetary Fund—Poverty Reduction and Growth Trust

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at $550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion.

As at March 31, 2012, Canada has lent a total of 728,520,000 SDR to the Poverty Reduction and Growth Trust. Of this amount, 656,702,750 SDR has been repaid.

The outstanding balance of 71,817,250 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /$1.5452 Cdn). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to 215,157,946 SDR, which do not appear in Table 9.13.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Votes L35 and L40, *Appropriation Acts No. 1 and No. 4, 2011-2012*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years and revaluations for foreign currency fluctuations.

Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 9.14
PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
NEWFOUNDLAND AND LABRADOR—				
Finance—				
Federal-provincial fiscal arrangements	365,870,060		18,936,408	346,933,652
Municipal Development and Loan Board	315,626			315,626
Winter capital projects fund	2,836,758			2,836,758
Total Newfoundland and Labrador	369,022,444		18,936,408	350,086,036
NOVA SCOTIA—				
Finance—				
Federal-provincial fiscal arrangements	166,598,880		33,319,824	133,279,056
Total Nova Scotia	166,598,880		33,319,824	133,279,056
PRINCE EDWARD ISLAND—				
Finance—				
Federal-provincial fiscal arrangements	18,994,040	1,089,000	3,798,792	16,284,248
Winter capital projects fund	63,079			63,079
Total Prince Edward Island	19,057,119	1,089,000	3,798,792	16,347,327
NEW BRUNSWICK—				
Finance—				
Federal-provincial fiscal arrangements	104,160,920		20,832,216	83,328,704
Total New Brunswick	104,160,920		20,832,216	83,328,704
QUEBEC—				
Finance—				
Federal-provincial fiscal arrangements	1,272,430,210	2,215,500	321,493,458	953,152,252
Total Quebec	1,272,430,210	2,215,500	321,493,458	953,152,252
ONTARIO—				
Finance—				
Federal-provincial fiscal arrangements		150,365,000		150,365,000
Mutual fund capital gain refund overpayments	398,987,285		132,995,762	265,991,523
Total Ontario	398,987,285	150,365,000	132,995,762	416,356,523
MANITOBA—				
Finance—				
Federal-provincial fiscal arrangements	23,487,520		4,697,496	18,790,024
Mutual fund capital gain refund overpayments	27,286,566		9,095,522	18,191,044
Total Manitoba	50,774,086		13,793,018	36,981,068

TABLE 9.14

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
SASKATCHEWAN—				
Finance—				
Federal-provincial fiscal arrangements	251,190,768		23,660,208	227,530,560
Total Saskatchewan	251,190,768		23,660,208	227,530,560
ALBERTA—				
Finance—				
Federal-provincial fiscal arrangements	11,486,480		2,297,304	9,189,176
Total Alberta	11,486,480		2,297,304	9,189,176
BRITISH COLUMBIA—				
Finance—				
Comprehensive Integrated Tax Coordination Agreement		1,599,000,000	319,800,000	1,279,200,000
Federal-provincial fiscal arrangements	300,485,480		60,097,104	240,388,376
Total British Columbia	300,485,480	1,599,000,000	379,897,104	1,519,588,376
Subtotal	2,944,193,672	1,752,669,500	951,024,094	3,745,839,078
Less: portion expensed due to concessionary terms	264,499,862	104,470,003	56,863,626	216,893,485
Total	2,679,693,810	1,857,139,503	1,007,887,720	3,528,945,593

Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of transfer payments to provinces under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authorities. The underpayments are non-interest bearing and are paid in subsequent years.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.375 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4 percent to 9.5 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

Mutual fund capital gain refund overpayments

These amounts represent overpayments made to provinces under tax collection agreements for tax years 1997 to 1999 stemming from the misclassification of mutual fund trust capital gains refunds. Recoveries are non-interest bearing and will take place over a 10-year period which started in 2004-2005.

Comprehensive Integrated Tax Coordination Agreement

Transitional assistance that had been paid to British Colombia as part as a Comprehensive Integrated Tax Coordination Agreement with Canada is being recovered in equal annual instalments with final payment due in March 2016. The government has not collected interest on these amounts.

Other Loans, Investments and Advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
Unconditionally repayable contributions—				
Agriculture and Agri-Food	35,450,181	16,127,231	16,931	51,560,481
Atlantic Canada Opportunities Agency	340,105,932	50,620,321	60,005,731	330,720,522
Canadian International Development Agency		300,000,000		300,000,000
Economic Development Agency of Canada for the Regions of Quebec	352,651,280	71,779,553	41,048,022	383,382,811
Federal Economic Development Agency for Southern Ontario	81,264,216	41,245,449	3,050,547	119,459,118
Indian Affairs and Northern Development	1,007,500		1,000,000	7,500
Industry	470,084,551	134,067,758	21,690,058	582,462,251
Western Economic Diversification	37,061,637	16,607,028	18,654,241	35,014,424
Subtotal	1,317,625,297	630,447,340	145,465,530	1,802,607,107
Less: portion expensed due to concessionary terms	168,668,259	25,324,091	92,733,267	236,077,435
Total—Unconditionally repayable contributions	1,148,957,038	655,771,431	238,198,797	1,566,529,672
Loans and accountable advances—				
Foreign Affairs and International Trade—				
Missions abroad	38,931,205	206,446,585	204,803,417	40,574,373
Personnel posted abroad	21,803,916	14,966,293	14,675,168	22,095,041
	60,735,121	*221,412,878*	*219,478,585*	*62,669,414*
National Defence—				
Imprest accounts, standing advances and authorized loans	41,150,688	666,148,744	673,119,245	34,180,187
Other departments—				
Miscellaneous accountable advances	20,649,443		4,937,166	15,712,277
Miscellaneous accountable imprest funds and standing advances	16,083,176	1,779,868		17,863,044
	36,732,619	*1,779,868*	*4,937,166*	*33,575,320*
Total—Loans and accountable advances	138,618,428	889,341,490	897,534,996	130,424,921
Other—				
Agriculture and Agri-Food—				
Construction of multi-purpose exhibition buildings	35,593			35,593
Hog Industry Loan Loss Reserve Program	243,800,487			243,800,487
National Marketing Programs	155,528,818	14,898,848		170,427,666
	399,364,898	*14,898,848*		*414,263,746*
Citizenship and Immigration—				
Immigration loans	39,086,105	14,884,734	12,161,965	41,808,874
Finance—				
Canadian Commercial Bank	42,202,293			42,202,293
Financial Consumer Agency of Canada—Advances		8,000,000	8,000,000	
	42,202,293	*8,000,000*	*8,000,000*	*42,202,293*
Fisheries and Oceans—				
Canadian producers of frozen groundfish	128,315			128,315
Haddock fishermen	1,343,337			1,343,337
	1,471,652			*1,471,652*
Foreign Affairs and International Trade—				
Support and development of trade (loans administered by Export Development Canada)	4,760,297,104	89,573,256	1,869,351,257	2,980,519,103

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/2011	Payments and other charges	Receipts and other credits	March 31/2012
	$	$	$	$
Human Resources and Skills Development—				
Canada Student Loans Program	13,965,169,664	2,897,071,460	2,024,242,311	14,837,998,813
Provincial workers' compensation boards	13,060,001			13,060,001
	13,978,229,665	*2,897,071,460*	*2,024,242,311*	*14,851,058,814*
Indian Affairs and Northern Development—				
Council of Yukon First Nations—Elders	6,109,710		750,810	5,358,900
Farm Credit Canada Guarantee Loans Program	103,695			103,695
First Nations in British Columbia	420,800,402	24,774,348	2,522,865	443,051,885
Indian Economic Development Fund	46,427		3,278	43,149
Indian Economic Development Guarantee Loans Program	3,137,055	88,624	6,813	3,218,866
Inuit Loan Fund	72,363		906	71,457
Native Claimants	445,912,817	24,390,714	16,641,554	453,661,977
On Reserve Housing Guarantee Loans Program	11,826,673		511,019	11,315,654
Stoney Band Perpetual Loan	389,615			389,615
	888,398,757	*49,253,686*	*20,437,245*	*917,215,198*
Industry—				
Company stock option				
Manufacturing, processing and service industries in Canada	110,000,000			110,000,000
Other Business loans	97,520,635	69,397,551	89,660,871	77,257,315
National Research Council of Canada—H.L. Holmes Fund	4,630,633	93,159		4,723,792
	212,151,268	*69,490,710*	*89,660,871*	*191,981,107*
Natural Resources—				
Nordion International Inc.	58,000,000		4,000,000	54,000,000
Public Safety and Emergency Preparedness—				
Correctional Service of Canada—Parolees	3,943	1,431	1,118	4,256
Public Works and Government Services—				
Seized Property Working Capital Account	8,368,607	44,560,347	54,210,502	(1,281,548)
Transport—				
Greater Victoria Harbour Authority	2,322,149		42,720	2,279,429
Saint John Harbour Bridge Authority	22,646,108		22,646,108	
St. Lawrence Seaway Management Corporation	77,474			77,474
	25,045,731		*22,688,828*	*2,356,903*
Treasury Board—				
Joint Learning Program	563,788	1,413,574	1,436,119	541,243
Veterans Affairs—				
Commonwealth War Graves Commission	46,668	1,194		47,862
Veterans' Land Act Fund—Advances	6,660		1,137	5,523
	53,328	*1,194*	*1,137*	*53,385*
Other departments—				
Miscellaneous	473,983	368,443	315,551	526,875
Subtotal—Other	20,413,711,122	3,189,517,683	4,106,506,904	19,496,721,901
Less: portion expensed due to concessionary terms and other discounts	194,452,538	24,447,010		170,005,528
	20,219,258,584	3,213,964,693	4,106,506,904	19,326,716,373
Add: consolidation adjustment [1]	3,364,358,000		196,593,474	3,167,764,526
Total—Other	23,583,616,584	3,213,964,693	4,303,100,378	22,494,480,899
Total	24,871,192,050	4,759,077,613	5,438,834,171	24,191,435,492

[1] Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

Unconditionally repayable contributions

Unconditionally repayable contributions are, in substance loans, and are generally made to businesses pursuant to various Acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is $50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is $38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009-2010.*

The closing balance consists of loans to employees, $18,225,822; advances for medical expenses, $982,577; advances for workmen's compensation, $71,430; security and other deposits under Foreign Service Directives, $921,399 and, school and club debentures, $1,893,813.

The loans to employees bear interest at rates from 0.75 percent to 5.0 percent per annum, and are repayable within 4 years, with final instalments between April 1, 2012 and March 1, 2016.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: *(a)* public funds imprest and public funds advance accounts; *(b)* standing advances; *(c)* authorized loans and advances to employees posted abroad; and, *(d)* authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is $120,000,000, as last amended by National Defence Vote L11b, *Appropriation Act No. 4, 2001-2002.*

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest funds and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is $22,000,000.

Construction of multi-purpose exhibition buildings

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

Hog Industry Loan Loss Reserve Program

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

National Marketing Programs

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is $110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

(a) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, bearing interest at rates from 1.260 percent to 10.718 percent per annum, with final instalments between April 1, 2012 and April 1, 2018, $41,712,418; and,

(b) repayable by monthly instalments over 1 to 6 years, with a possible deferment of 2 years, non-interest bearing, with final instalments past due, $96,456.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Financial Consumer Agency of Canada—Advances

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

During the year, the advances were repaid in full.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is $1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

Support and development of trade

Pursuant to section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada ("the Corporation") to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where the Corporation has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by the Corporation on behalf of the Government of Canada.

The *Budget Implementation Act, 2009*, amended the *Export Development Act* to expand the mandate of the Corporation for a two-year period to include the support and development of domestic trade, in addition to its traditional mandate related to export trade. In the 2012 federal budget, EDC's domestic powers were extended until March 12, 2013. During the year, no transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms and/or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and 11.5 (Section 11 of this volume) present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The following table presents the balances and transactions for loans made to non-sovereign entities, together with their terms and conditions of repayments.

		Payments and other charges		Receipts and other credits		
	April 1/2011	Payments or other charges [1]	Revaluation	Receipts or other credits [2]	Revaluation	March 31/2012
	$	$	$	$	$	$
Export Trade						
(a) 6 to 10 year term, 8.28 percent to 10.28 percent interest per annum, with final repayments between February 2008 and April 2011:						
Antigua	8,091,465		848	8,062,372		29,941
(b) 11 to 15 year term, 8.5 percent to 10.5 percent interest per annum, with final repayments in February 1995:						
Brazil	3,206,628			3,206,628		
(c) 11 to 15 year term, interest based on London Interbank Offered Rate (LIBOR), plus a range of rates from 6.5 percent to 11.0 percent per annum, with final repayments between January 2021 and January 2023:						
Cyprus	72,737,195		2,122,674			74,859,869
Norway	190,383,141		5,555,909			195,939,050
	263,120,336		*7,678,583*			*270,798,919*
(d) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44 percent to 4.18 percent per annum, with final repayments between May 2021 and November 2022:						
Sweden	130,806,974		3,680,443	10,547,293		123,940,124
(e) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85 percent to 5.89 percent per annum, with final repayments between December 2017 and March 2023:						
United States	1,314,514,912		36,940,108	140,067,760		1,211,387,260
(f) 16 to 20 year term, 0 percent interest per annum, with final repayments between June 2012 and November 2014:						
Singapore	712,766		22,662	490,906		244,522
Spain	14,541,295			657,595	436,808	13,446,892
	15,254,061		*22,662*	*1,148,501*	*436,808*	*13,691,414*
(g) Term loan, interest based on the higher of 2.0 percent or CDOR, plus 5.0 percent interest per annum, with final repayments in July 2017:						
Canada	1,683,362,154			1,683,362,154		
(h) Term loan, interest based on the higher of 2.0 percent or LIBOR, plus a range of rates from 3.0 percent to 8.0 percent interest per annum, with final repayments between June 2009 and July 2010:						
Unites States	1,347,201,398		39,095,070	22,519,741		1,363,776,727
Insurance claims paid during the year:						
United States	247,883		4,879			252,762
Subtotal	4,765,805,811		87,422,593	1,868,914,449	436,808	2,983,877,147
Less: portion expensed due to concessionary terms	5,508,707	2,150,663				3,358,044
Total—Export Trade	4,760,297,104	2,150,663	87,422,593	1,868,914,449	436,808	2,980,519,103

Note: Final repayment dates may change if loan amounts are rescheduled or restructured.

[1] Payments or other charges may include transactions such as loans, adjustments, etc.

[2] Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Canada Student Loans Program

The total amount of outstanding risk-shared loans that have been bought-back by the Department and direct loans issued under the authority of the *Canada Student Financial Assistance Act* may not exceed nineteen billion dollars, except as otherwise provided by an Appropriation Act or other Act of Parliament.

The total amount of outstanding risk-shared and direct loans as at March 31, 2012 amounts to $14,583,549,616 ($13,691,358,095 as at March 31, 2011).

Direct loans to students

Loans issued on or after August 1, 2000 are operated under the authority of section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Human Resources and Skills Development to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Human Resources and Skills Development with the concurrence of the Minister of Finance.

The total amount of outstanding direct loans as at March 31, 2012 amounts to $14,435,005,205 ($13,536,748,928 as at March 31, 2011).

During the year, loans totalling $302,421,330, including interest receivable on these loans, were written off by Human Resources and Skills Development Vote 7b and Vote 7c, respectively from the *Appropriation Act No. 3, 2011-2012* and the *Appropriation Act No. 4, 2011-2012*.

Risk-shared student loans

Loans issued prior to August 1, 2000 and on or after August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2012 amounts to $148,544,411 ($154,609,167 as at March 31, 2011) for loans owned by Human Resources and Skills Development and $1,506,919,768 ($1,738,082,287 as at March 31, 2011) for loans under the current ownership of the financial institutions.

Guaranteed student loans

Loans issued prior to August 1, 1995 are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2012 amounts to $254,449,197 ($273,811,569 as at March 31, 2011) for loans owned by Human Resources and Skills Development and $24,555,796 ($35,123,703 as at March 31, 2011) for loans under the current ownership of the financial institutions.

Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Council of Yukon First Nations—Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 1, 2011-2012*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

(c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the agreement, which shall be not later than March 31, 2012, whichever date is earlier.

All the loans outstanding at year end bear interest at rates from 2.28 percent to 3.61 percent per annum.

Farm Credit Canada Guarantee Loans Program

The Farm Credit Canada guarantee loans program was discontinued as of November 14, 1989. The last active loan guarantee has expired and no future loan guarantees will be given under this program.

As of March 31, 2012, the outstanding amount represents the remaining defaulted loans reimbursed to the lenders by the Minister. These loans are deemed unrecoverable and the balance will be written off in future years.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Act No. 1, 2011-2012*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;

(b) loans made before April 1, 2004 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;

(c) loans made between April 1, 2004 and March 31, 2012 and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and,

(d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:

  i. date on which the treaty is settled;

  ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;

  iii. seventh anniversary after the signing of an agreement-in-principle; or,

  iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are $21,337,238 and $421,714,647 respectively. Rates are from 2.4642 percent to 4.545 percent per annum for the interest-bearing portion.

Indian Economic Development Fund

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is $48,550,835, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996-97*.

All outstanding loans bear interest at rates from 7 percent to 11.25 percent per annum.

Indian Economic Development Guarantee Loans Program

The Indian Economic Development Guarantee authority, established under Vote L53(b), *Appropriation Act No. 1, 1970*, amended under P.C. 1977-3608, authorized the department to guarantee loans for Indian businesses on a risk-sharing basis with commercial lenders. The guarantee level is not to exceed at any time $60,000,000, less the total amount of payments made to implement previous guarantees under that authority.

Simple interest, usually based on a percentage plus the prime rate, will accrue on the debt after payout. All payments, including accrued interest, remain as a debt of the client until recovered in full.

Inuit Loan Fund

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is $6,633,697, as last amended by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The remaining loan bears interest at a rate of 5.50 percent per annum.

Native Claimants

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 1, 2011-2012*.

The terms and conditions of the loans are as follows:

(a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;

(b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

(c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are $81,976,637 and $371,685,340 respectively. Rates are from 2.289 percent to 11.89 percent per annum for the interest-bearing portion.

On Reserve Housing Guarantee Loans Program

On Reserve Housing guarantees provide needed support to Indian or Indian bands residing on reserves or Crown land. Reserves are, as such, non-mortgageable and the ministerial guarantee provides security to the lending institution in the event of a default by the client.

The total amount authorized to be outstanding at any time is $2.2 billion, as last amended by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 2008-2009*.

If a loan made under the Minister's guarantee goes into default, the lender has recourse to the Minister for reimbursement. In 1987, a reserve for losses of $2 million per annum was established within the department's reference levels to cover all Guarantee Loan Programs administered by Indian Affairs and Northern Development. Such payments remain a debt of the First Nation to the Crown and interest is accrued and capitalized on these debts at the contract interest rate applicable at the time the loan was assigned to the Minister. Recovery of the debt is made to the extent possible, from the security used as collateral, such as land claim funds, or through repayment agreements.

Stoney Band Perpetual Loan

In 1946, loans were made to Stoney Band of Alberta for land acquisition beyond their treaty entitlement.

A loan not exceeding $500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3 percent annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots $200,000 to the Pekisko Group, and $300,000 for the additions to Morley Reserve.

Company stock option

Pursuant to section 14 of the *Department of Industry Act*, and authorized by Industry Vote L15, *Appropriation Act No. 2, 2010-2011*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

- *(a)* to take, purchase, exercise, assign or sell, on behalf of Her Majesty in right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,
    - *i.* it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in right of Canada to benefit from the purchase; or,
    - *ii.* it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and,
- *(b)* to authorize the sale or other disposition of any capital stock acquired.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

Loans are authorized by Industry Vote L20, *Appropriation Act No. 2*. During the year, no loans were issued.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Other Business loans

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Small Business Loans Act* (SBLA), the *Canada Small Business Financing Act* (CSBFA), the capital leasing pilot project and the *Department of Industry Act*. These authorities provide for the payment of claims or the sharing of loan losses between lenders and the Government.

H.L. Holmes Fund

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

Nordion International Inc.

A $100 million loan has been made to Nordion International Inc. for the construction of two nuclear reactors and related processing facilities to be used in the production of medical isotopes pursuant to an agreement reached on June 28, 1996 between MDS Health Group Ltd., Nordion International Inc. and Natural Resources Canada.

The secured loan is interest-free and fully repayable over 15 years commencing 42 months after the first loan drawdown was made.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is $50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter.

Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is $50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

Greater Victoria Harbour Authority

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of $753,745 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9 percent per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

In 2011-2012, pursuant to section 24.1 of the *Financial Administration Act*, Her Majesty in right of Canada has forgiven the debts and accrued interest, amounting to $22,646,108 relating to the Saint John Harbour Bridge Authority.

During the year, the account was closed.

St. Lawrence Seaway Management Corporation

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The remaining loan bears interest at a rate of 7 percent per annum. The final instalment of the existing terms is anticipated by March 2013.

Joint Learning Program

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining round of October 2004, 2008 and subsequently of 2010, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS).The objective of the JLP is to improve labour relations in the public service. It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the Employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expenditure is recorded.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is $605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Other departments—Miscellaneous

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

Consolidation adjustment

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 10

2011-2012

PUBLIC ACCOUNTS OF CANADA

Non-Financial Assets

CONTENTS

Page

Non-financial assets 10.2
Tangible capital assets 10.4
Vehicles 10.6
Assets under capital leases. 10.6

NON-FINANCIAL ASSETS

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business. For financial reporting purposes, tangible capital assets are grouped in the following categories: land, buildings, works and infrastructure, machinery and equipment, vehicles, leasehold improvements, assets under construction, and assets under capital leases.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service or advance payments under the terms of contribution agreements.

Table 10.1 presents the non-financial assets by category.

TABLE 10.1

NON-FINANCIAL ASSETS BY CATEGORY

(in thousands of dollars)

	March 31/2012	March 31/2011
Net tangible capital assets, Table 10.2		
Land	1,567,557	1,539,085
Buildings	10,160,053	9,960,656
Works and infrastructure	5,487,649	5,255,562
Machinery and equipment	10,186,219	10,496,080
Vehicles, Table 10.3	13,861,990	13,078,310
Leasehold improvements	1,084,280	1,034,881
Assets under construction	13,909,953	13,426,117
Assets under capital leases, Table 10.4	2,789,451	2,877,124
	59,047,152	*57,667,815*
Inventories	6,995,342	6,830,393
Prepaid expenses	1,915,851	2,082,634
Total	67,958,345	66,580,842

CHART 10A

NON-FINANCIAL ASSETS BY CATEGORY AT MARCH 31, 2012

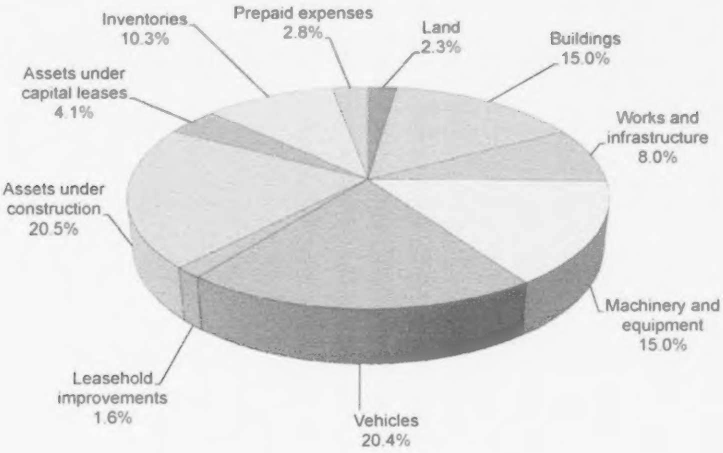
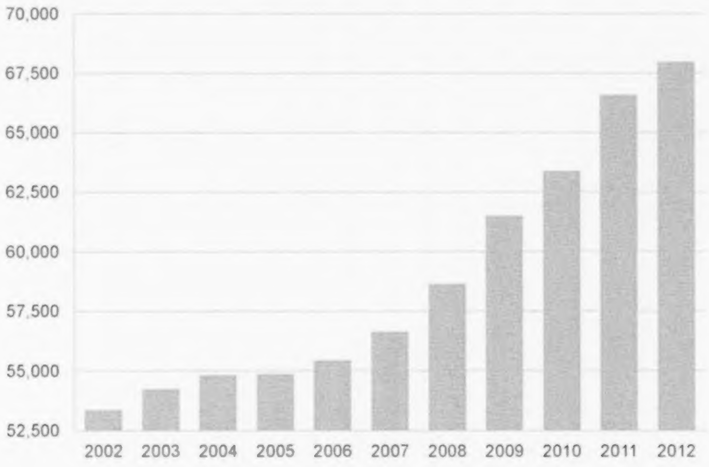


CHART 10B

NON-FINANCIAL ASSETS AT MARCH 31, 2012

(in millions of dollars)



Tangible Capital Assets

Table 10.2 presents tangible capital assets by main custodian ministries.

TABLE 10.2

TANGIBLE CAPITAL ASSETS BY MAIN CUSTODIAN MINISTRIES

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
Capital assets at cost				
Environment	200,845	987,629	2,774,778	843,812
Fisheries and Oceans	22,715	693,258	2,306,010	396,108
Foreign Affairs and International Trade	231,484	1,237,999	1,451	138,381
Industry	11,405	879,677	33,906	2,904,712
National Defence	83,169	7,440,319	2,127,498	20,432,731
Public Safety and Emergency Preparedness	73,436	3,012,674	550,102	1,316,171
Public Works and Government Services	256,222	3,988,784	963,415	1,217,679
Transport	264,285	1,012,075	2,734,258	221,518
Other ministries	30,748	1,550,186	80,611	2,981,348
	1,174,309	*20,802,601*	*11,572,029*	*30,452,460*
Consolidated Crown corporations and other entities	393,248	1,905,797	1,454,874	3,092,149
Gross total capital assets	1,567,557	22,708,398	13,026,903	33,544,609
Accumulated amortization				
Environment		664,425	1,729,633	577,324
Fisheries and Oceans		422,563	1,183,087	282,292
Foreign Affairs and International Trade		736,559	230	92,847
Industry		527,778	21,234	2,101,937
National Defence		3,350,139	1,204,618	14,224,418
Public Safety and Emergency Preparedness		1,438,438	356,767	915,375
Public Works and Government Services		2,842,440	412,638	849,374
Transport		691,066	1,853,091	156,285
Other ministries		987,613	34,740	1,935,624
		11,661,021	*6,796,038*	*21,135,476*
Consolidated Crown corporations and other entities		887,324	743,216	2,222,914
Total accumulated amortization		12,548,345	7,539,254	23,358,390
Total net capital assets				
Environment	200,845	323,204	1,045,145	266,488
Fisheries and Oceans	22,715	270,695	1,122,923	113,816
Foreign Affairs and International Trade	231,484	501,440	1,221	45,534
Industry	11,405	351,899	12,672	802,775
National Defence	83,169	4,090,180	922,880	6,208,313
Public Safety and Emergency Preparedness	73,436	1,574,236	193,335	400,796
Public Works and Government Services	256,222	1,146,344	550,777	368,305
Transport	264,285	321,009	881,167	65,233
Other ministries	30,748	562,573	45,871	1,045,724
	1,174,309	*9,141,580*	*4,775,991*	*9,316,984*
Consolidated Crown corporations and other entities	393,248	1,018,473	711,658	869,235
Total net capital assets	1,567,557	10,160,053	5,487,649	10,186,219

(1) Details can be found in Table 10.3.
(2) Details can be found in Table 10.4.

Vehicles[1]	Leasehold improvements	Assets under construction	Assets under capital leases[2]	Total March 31/2012	Total March 31/2011
140,442	38,064	284,343	18,199	5,288,112	5,222,408
1,849,710	490,054	390,950	535	6,149,340	6,049,656
139,243	228,993	339,878		2,317,429	2,291,791
28,656	64,196	450,351	64,759	4,437,662	4,382,789
29,363,248	43,762	8,487,964	870,036	68,848,727	66,158,705
651,649	130,422	1,086,021	15,493	6,835,968	6,286,630
11,185	783,952	1,866,557	2,418,575	11,506,369	9,935,915
736,153	29,430	89,800	818,883	5,906,402	5,961,376
161,554	485,440	317,464	98,103	5,705,454	5,987,133
33,081,840	*2,294,313*	*13,313,328*	*4,304,583*	*116,995,463*	*112,276,403*
995,949	252,240	596,625	427,632	9,118,514	9,859,784
34,077,789	2,546,553	13,909,953	4,732,215	126,113,977	122,136,187
96,159	27,408		7,279	3,102,228	3,046,703
1,354,009	303,248		535	3,545,734	3,469,412
99,841	129,331			1,058,808	1,048,288
22,601	31,184		18,692	2,723,426	2,609,855
17,123,817	24,095		476,272	36,403,359	34,518,545
356,871	51,793		1,549	3,120,793	2,925,071
7,002	411,489		1,179,480	5,702,423	4,692,767
565,399	14,563		121,499	3,401,903	3,310,547
105,432	336,796		7,993	3,408,198	3,450,569
19,731,131	*1,329,907*		*1,813,299*	*62,466,872*	*59,071,757*
484,668	132,366		129,465	4,599,953	5,396,615
20,215,799	1,462,273		1,942,764	67,066,825	64,468,372
44,283	10,656	284,343	10,920	2,185,884	2,175,705
495,701	186,806	390,950		2,603,606	2,580,244
39,402	99,662	339,878		1,258,621	1,243,503
6,055	33,012	450,351	46,067	1,714,236	1,772,934
12,239,431	19,667	8,487,964	393,764	32,445,368	31,640,160
294,778	78,629	1,086,021	13,944	3,715,175	3,361,559
4,183	372,463	1,866,557	1,239,095	5,803,946	5,243,148
170,754	14,867	89,800	697,384	2,504,499	2,650,829
56,122	148,644	317,464	90,110	2,297,256	2,536,564
13,350,709	*964,406*	*13,313,328*	*2,491,284*	*54,528,591*	*53,204,646*
511,281	119,874	596,625	298,167	4,518,561	4,463,169
13,861,990	1,084,280	13,909,953	2,789,451	59,047,152	57,667,815

Vehicles

Table 10.3 presents the details of vehicles by sub-category.

TABLE 10.3

VEHICLES BY SUB-CATEGORY

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2012	March 31/2011
Ships and boats	13,778,123	8,392,238	5,385,885	5,617,116
Aircraft	15,025,698	8,483,941	6,541,757	5,627,351
Motor vehicles (Non-Military)	2,093,476	1,379,432	714,044	739,831
Military vehicles	1,812,681	1,212,244	600,437	649,373
Other vehicles	1,367,811	747,944	619,867	444,639
Total	34,077,789	20,215,799	13,861,990	13,078,310

Assets under Capital Leases

Table 10.4 presents the details of assets under capital leases by main category.

TABLE 10.4

ASSETS UNDER CAPITAL LEASES BY MAIN CATEGORY

(in thousands of dollars)

	Cost	Accumulated amortization	March 31/2012	March 31/2011
Land	31,242		31,242	31,242
Buildings	2,958,268	1,294,405	1,663,863	1,710,531
Works and infrastructure	818,820	121,458	697,362	705,550
Machinery and equipment	184,703	103,800	80,903	66,668
Vehicles	739,182	423,101	316,081	363,133
Total	4,732,215	1,942,764	2,789,451	2,877,124

SECTION 11

2011-2012

PUBLIC ACCOUNTS OF CANADA

Contractual Obligations and Contingent Liabilities

CONTENTS

Page

Contractual obligations.................................. 11.2
Contingent liabilities 11.30

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

This section contains detailed information related to contractual obligations and contingent liabilities.

Contractual Obligations

The nature of Government activities result in multi-year contracts and agreements, including various international treaties and protocols. Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. In the case of contractual obligations to international organizations, some will result in future budgetary expenses while others will result in non-budgetary payments.

Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of $10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of $1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

Table 11.1 summarizes these contractual obligations. Details of the four types of contractual obligations can be found in other tables in this section.

TABLE 11.1
CONTRACTUAL OBLIGATIONS
(in millions of dollars)

	Transfer payments	Acquisition of capital assets and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3	27,009	33,848	2,646		63,503
International contractual obligations, Table 11.4				4,744	4,744
Total	27,009	33,848	2,646	4,744	68,247

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy obligations under contractual obligations each year from 2013 to 2017 inclusive, and a total for amounts due in the year 2018 and subsequently.

TABLE 11.2
SCHEDULE OF MINIMUM PAYMENTS
(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Acquisition of capital assets and purchases	Obligations under operating lease arrangements	Obligations to international organizations	Total
2013	13,752	8,340	315	1,602	24,009
2014	6,811	6,089	319	1,169	14,388
2015	2,960	3,517	288	453	7,218
2016	1,969	2,289	269	139	4,666
2017	848	1,699	240	85	2,872
2018 and subsequently	669	11,914	1,215	1,296	15,094
Total	27,009	33,848	2,646	4,744	68,247

Transfer Payment Agreements, Capital Assets, Purchases and Operating Leases

Table 11.3 provides details of contractual obligations that involve: transfer payment agreements, capital assets, purchases and operating leases. It discloses individual contractual obligations by category and by entity. Contractual obligations are summarized in Note 15 to the consolidated financial statements in Section 2 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchases are supported by contracts to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 2012
(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Transfer payment agreements—										
Agriculture and Agri-Food—										
AgriFlexibility Program agreement										
Government of Ontario	11	11		11	8	3				
Government of Quebec	35	35	11	24	15	9				
	46	*46*	*11*	*35*	*23*	*12*				
Canadian Heritage—										
Canada Music Fund										
La Fondation Musicaction	22	22	9	13	4	4	5			
The Foundation Assisting Canadian Talent on Recordings	31	31	12	19	6	6	7			
Canadian Agreement on Minority Language Education and Second Official Language Introduction										
Government of Alberta	62	62	47	15	15					
Government of British Columbia	71	71	54	17	17					
Government of Manitoba	54	54	42	12	12					
Government of New Brunswick	89	89	67	22	22					
Government of Ontario	338	338	259	79	79					
Government of Quebec	265	265	200	65	65					
Other provinces and territories	109	109	83	26	26					
Corporation of the Council of Ministers of Education, Canada										
Explore and Destination Clic Program	67	67	50	17	17					
Katimavik-OPCAN Corporation										
Katimavik Program	28	28	14	14	14					
Prince George 2015 Canada Winter Games Host Society										
Hosting Program	11	11	1	10	2	2	6			
	1,147	*1,147*	*838*	*309*	*279*	*12*	*18*			
Citizenship and Immigration—										
Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada										
Canada-Quebec Agreement	1,699	1,699	283	1,416	283	283	283	283	284	
Provincial agreements with regards to immigrant and settlement services										
Canada-British Columbia Agreement	230	230	113	117	117					
Canada-Manitoba Agreement	72	72	34	38	38					
	2,001	*2,001*	*430*	*1,571*	*438*	*283*	*283*	*283*	*284*	

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse-quently
Economic Development Agency of Canada for the Regions of Quebec—										
Business and regional growth Program										
Institut national d'optique	45	45	9	36	9	9	9	9		
Montreal International	58	58	35	23	4	4	2	2	1	10
Small and medium-sized enterprises	566	566	495	71	51	16	4			
Community Futures Program										
15 Community business development corporations	583	583	482	101	26	25	25	25		
The CFDC Network	20	20	7	13	3	3	3	4		
Community Diversification Program										
Small and medium-sized enterprises	651	651	559	92	59	17	12	3	1	
Société du Parc Jean-Drapeau	23	23	8	15	5	5	5			
Gaz Métro Limited Partnership										
Contribution program to fund construction of a gas pipeline between Vallée-Jonction and Thetford Mines	18	18	3	15	13	2				
	1,964	*1,964*	*1,598*	*366*	*170*	*81*	*60*	*43*	*2*	*10*
Environment—										
Sustainable Technologies Development Canada										
NextGen Biofuels Fund	*88*	*88*		*88*	*63*	*25*				
Finance—										
Harbourfront Centre Funding Program	24	24	6	18	5	5	5	3		
Toronto Waterfront Revitalization Program	402	402	392	10	10					
	426	*426*	*398*	*28*	*15*	*5*	*5*	*3*		
Foreign Affairs and International Trade—										
Canadian International Development Agency—										
Canadian Engagement	624	624	363	261	110	103	37	8	3	
Fragile Countries and Crisis-Affected Communities	289	289	167	122	50	36	26	6	3	1
Global Engagement and Strategic Policy	420	420	177	243	63	80	57	42	1	
Low Income Countries	436	436	197	239	76	64	47	27	21	4
Middle Income Countries	455	455	178	277	78	72	67	37	17	6
	2,224	*2,224*	*1,082*	*1,142*	*377*	*355*	*234*	*120*	*45*	*11*
Health—										
Department—										
Brain Canada Foundation	100	100	10	90	10	20	20	20	20	
Canadian Agency for Drugs and Technologies in Health	88	88	71	17	17					
Canadian Partnership Against Cancer Corporation	250	250		250	50	50	50	50	50	
Department of Health and Social Services Province of Quebec	15	15	3	12	3	3	3	3		
First Nations and Inuit Health Services Transfer	688	688	173	515	146	105	79	58	36	91
Health Council of Canada	42	42	12	30	10	10	10			
Mental Health Commission of Canada	125	125	50	75	15	15	15	15	15	
Public Health Agency of Canada—										
Hepatitis C										
Government of British Columbia	66	66	55	11			11			
Government of Ontario	133	133	111	22			22			
	1,507	*1,507*	*485*	*1,022*	*251*	*203*	*210*	*146*	*121*	*91*

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Human Resources and Skills Development—										
Aboriginal Human Resource Development Strategy										
Kativik Regional Government	95	95	83	12	12					
Aboriginal Skills and Employment Training Strategy										
Aboriginal Labour Force Development Circle	42	42	14	28	9	10	9			
Central Interior Partners for Aboriginal Human Resources Development	18	18	6	12	4	4	4			
Centre for Aboriginal Resource Development	24	24	9	15	5	5	5			
Coast Salish Employment and Training Society	22	22	7	15	5	5	5			
Community Futures Treaty Seven	43	43	15	28	9	9	10			
First Nations Employment Society	24	24	8	16	5	5	6			
First Nations of Quebec and Labrador Health and Social Services Commissions	83	83	28	55	18	18	19			
First Peoples Development Inc	86	86	29	57	19	19	19			
Gabriel Dumont Training and Employment Inc	48	48	17	31	10	10	11			
Grand River Employment and Training	23	23	8	15	5	5	5			
Kakivak Association	27	27	9	18	6	6	6			
Manitoba Keewatinowi Okimakanak Inc	76	76	26	50	17	17	16			
Manitoba Métis Federation Inc	56	56	19	37	12	12	13			
Métis Nation of Ontario	31	31	11	20	7	7	6			
Métis Provincial Council of BC	29	29	11	18	6	6	6			
Mi'kmaq Employment & Training Secretariat	25	25	8	17	6	6	5			
Ontario Federation of Indian Friendship Centres	27	27	8	19	6	6	7			
Prince George Nechako Aboriginal Employment Training Association	25	25	13	12	4	4	4			
Rupertsland Institute	63	63	22	41	14	14	13			
Saskatchewan Indian Training Assessment Group Inc	148	148	50	98	33	33	32			
Shooniyaa Wa-Biitong Training and Employment Centre	23	23	8	15	5	5	5			
Sioux Lookout Area Aboriginal Management Board	24	24	9	15	5	5	5			
Six Independent Alberta First Nation Society of Hobbema	26	26	9	17	6	6	5			
Sto:Lo Aboriginal Skills and Employment Training	18	18	6	12	4	4	4			
Tribal Resources Investment Co	21	21		21	7	7	7			
Union of Ontario Indians	24	24	8	16	5	5	6			
Wabun Tribal Council	17	17	6	11	4	4	3			
Homelessness Partnering Strategy										
Calgary Homeless Foundation	19	19	6	13	7	6				
City of Ottawa	17	17	4	13	7	6				
City of Toronto	52	52	7	45	28	17				
Greater Vancouver Regional District	20	20	2	18	9	9				
Homeward Trust Foundation	19	19	6	13	6	7				
Labour Market Agreements										
Government of Alberta	327	327	217	110	55	55				
Government of British Columbia	397	397	231	166	100	66				
Government of Manitoba	108	108	72	36	18	18				
Government of New-Brunswick	66	66	42	24	12	12				
Government of Newfoundland and Labrador	45	45	30	15	7	8				
Government of Nova Scotia	83	83	47	36	19	17				
Government of Ontario	1,163	1,163	775	388	194	194				

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse-quently
Government of Quebec	696	696	464	232	116	116				
Government of Saskatchewan	92	92	61	31	15	16				
Labour Market Development Agreements										
Government of Alberta	235	235	117	118	118					
Government of British Columbia	608	608	307	301	301					
Government of Manitoba	101	101	51	50	50					
Government of New-Brunswick	199	199	100	99	99					
Government of Newfoundland and Labrador	284	284	145	139	139					
Government of Nova Scotia	182	182	93	89	89					
Government of Ontario	1,226	1,226	609	617	617					
Government of Prince Edward Island	59	59	30	29	29					
Government of Quebec	1,291	1,291	648	643	643					
Government of Saskatchewan	87	87	44	43	43					
Labour Market Agreements for persons with disabilities										
Government of Alberta	227	227	202	25	25					
Government of British Columbia	277	277	246	31	31					
Government of Ontario	688	683	607	76	76					
Government of Quebec	413	413	367	46	46					
Government of Saskatchewan	98	98	87	11	11					
Targeted Initiative for Older Workers										
Government of Ontario	68	53	25	28	15	13				
	10,315	*10,295*	*6,089*	*4,206*	*3,173*	*797*	*236*			
Indian Affairs and Northern Development—										
Aboriginal Recipient Funding										
Ahousaht First Nation	42	42	16	26	6	7	6	7		
Albany First Nation	32	32	9	23	8	8	7			
Alderville First Nation	11	11		11	2	2	2	2	3	
Alexander Band	23	23	9	14	7	7				
Alexis Nakoda Sioux Nation	38	38	9	29	8	7	7	7		
Algonquins of Pikwakanagan	15	15	3	12	3	3	3	3		
Arctic Co-Operatives Ltd	10	10		10	10					
Athabasca Tribal Council Limited	16	16	5	11	5	2	2	2		
Attawapiskat First Nation	35	35	23	12	12					
Awasis Agency of Northern Manitoba	12	12		12	12					
Bande des Atikamekw d'Opitciwan	59	59	24	35	21	14				
Bande des Innus de Pessamit	42	42	24	18	18					
Batchewana First Nation	36	36	8	28	7	7	7	7		
Beausoleil First Nation	29	29	7	22	6	5	6	5		
Berens River Band	26	26	13	13	13					
Bigstone Cree Nation	19	19		19	19					
Blood Band	334	334	77	257	71	62	62	62		
Bunibonibee Cree Nation	41	41	22	19	19					
Cape Mudge Indian Band	15	15	3	12	3	3	3	3		
Chemawawin Cree Nation	29	29		29	10	10	9			
Chippewas of Georgina Island	22	22	5	17	4	4	4	5		
Chippewas of Kettle & Stony Point	26	26	7	19	5	5	5	4		
Chippewas of Rama First Nation	21	21	5	16	4	4	4	4		
Chippewas of the Thames First Nation	20	20	5	15	4	4	4	3		
Conseil des Montagnais du Lac St-Jean	93	93	25	68	21	16	15	16		
Couchiching First Nation	36	36	8	28	7	7	7	7		
Cowichan Band	16	16		16	16					
Cree Nation Child & Family Caring Agencies	11	11		11	11					
Cross Lake First Nation	96	96	33	63	32	31				
Curve Lake First Nation	17	17	5	12	4	4	4			
Deer Lake First Nation	32	32	7	25	6	6	6	7		
Dene Tha' Band	34	34	18	16	16					
Eabametoong First Nation	28	28	10	18	9	9				
Ebb & Flow Band	28	28	18	10	10					
Eel Ground Band	21	21	6	15	5	5	5			
Eel River Bar First Nation	25	25	11	14	4	3	3	4		
Elsipogtog First Nation	42	42		42	22	20				

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Fisher River Band	74	74	18	56	14	14	14	14		
Fort Alexander Band	47	47	27	20	20					
Fort William First Nation	18	18	6	12	6	6				
Frontier School Div #48	12	12		12	12					
Garden Hill First Nation	52	52	27	25	25					
Garden River First Nation	44	44	9	35	9	9	9	8		
Gitskan Local Service Society	74	74	21	53	18	18	17			
Gods Lake First Nation	24	24	13	11	11					
Hartley Bay Indian Band	16	16	5	11	3	3	3	2		
Heiltsuk Indian Band	57	57	14	43	11	11	11	10		
Innu Takuaikan Uashat Mak Mani-Utenam	114	114	33	81	27	18	18	18		
Island Lake First Nation Family Services	10	10		10	10					
James Bay and Northern Quebec	51	51	34	17	17					
Kahkewistahaw Band	32	32	8	24	6	6	6	6		
Kasabonika Lake First Nation	34	34	8	26	6	7	6	7		
Kashechewan First Nation	29	29	19	10	10					
Kasohkowew Child Wellness	21	21		21	21					
Kee Tas Kee Now Tribal Council	104	104	24	80	20	20	20	20		
Keewatin Tribal Council Inc	32	32	9	23	6	6	6	5		
Keewaytinook Okimakanak/Northern Chiefs Council	36	36	9	27	7	7	7	6		
Kee-Way-Win First Nation	16	16	4	12	3	3	3	3		
Kitchenuhmaykoosib Inninuwug	23	23	9	14	7	7				
Kitigan Zibi Anishinabeg	52	52	14	38	10	9	10	9		
Lac La Ronge Band	223	223	47	176	44	44	44	44		
Lac Seul First Nation	30	30	6	24	6	6	6	6		
Lake Babine Nation	28	28	10	18	9	9				
Lax Kw'Alaams Indian Band	29	29	10	19	9	10				
Lesser Slave Lake Indian Regional Council	50	50	26	24	24					
Listuguj Mi'Gmaq Government	35	35	19	16	16					
Little Black River Band	20	20	4	16	4	4	4	4		
Little Red River Cree Nation	30	30		30	30					
Long Lake # 58 First Nation	16	16	4	12	3	3	3	3		
Long Plain Band	57	57	14	43	11	11	11	10		
Makivik Corporation	90	90	35	55	18	18	19			
Mamaweswen, The North Shore Tribal Council Secretariat	15	15	4	11	3	3	3	2		
Matawa First Nations Management Inc	17	17	6	11	3	3	3	2		
Mathias Colomb Band	35	35	19	16	16					
M'Chigeeng First Nation	27	27	7	20	7	6	7			
Mikesew Cree First Nation Band	38	38	8	30	8	7	7	8		
Mi'Kmaw Family & Children's Services of Nova Scotia	12	12		12	12					
Mississauga First Nation	11	11		11	4	3	4			
Mltc Program Services Inc	67	67	19	48	15	11	11	11		
Mohawks Council of Akwesasne	127	127	37	90	30	30	30			
Mohawks of Kahnawa:Ke	176	176	42	134	38	32	32	32		
Mohawks of the Bay of Quinte	39	39	10	29	7	7	7	8		
Moose Cree First Nation	60	60	12	48	12	12	12	12		
Muskeg Lake Band	27	25	6	19	5	5	5	4		
Muskoday First Nation Band	27	27	6	21	6	5	5	5		
Nak'Azdli Indian Band	32	32	9	23	6	6	6	5		
Naotkamegwanning First Nation	22	22	12	10	5	5				
Nipissing First Nation	25	25	9	16	8	8				
Nisichawayasihk Cree Nation	102	102	22	80	20	20	20	20		
North Caribou Lake First Nation	26	26	6	20	5	5	5	5		
North Spirit Lake First Nation	16	16	5	11	3	3	3	2		
Odanak First Nation	17	17	4	13	3	3	3	4		
Ojibways of the Pic River First Nation	17	17	4	13	3	3	3	4		
Oneida Nation of the Thames	27	27	9	18	9	9				
Ontario First Nations Technical Services Corporation	30	30	13	17	4	4	4	5		
Opaskwayak Cree Nation	117	117	28	89	22	23	22	22		
O-Pipon-Na-Piwin Cree Nation	10	10		10	10					
Peguis Band	100	100	42	58	29	29				

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse- quently
Pikangikum First Nation	39	39	16	23	11	12				
Poplar Hill First Nation	17	17	4	13	3	4	3	3		
Red Rock First Nation	15	15	3	12	3	3	3	3		
Sachigo Lake First Nation	20	20	5	15	4	4	4	3		
Saint Marys Band Council	47	47	10	37	10	9	9	9		
Sakimay Band	21	21	5	16	4	4	4	4		
Samson Band	22	22		22	22					
Sandy Bay Band	46	46	27	19	19					
Sandy Lake First Nation	48	48	18	30	15	15				
Saugeen First Nation	17	17		17	6	5	6			
Serpent River First Nation	18	18	5	13	3	3	3	4		
Sheshatshiu Innu First Nation	19	19	7	12	3	3	3	3		
Shibogama First Nations Council	14	14	4	10	3	2	3	2		
Siksika Nation Band	105	105	40	65	35	30				
Simpew First Nation	12	12		12	2	3	2	3	2	
Sioux Valley Dakota Nation	26	26	16	10	10					
Skidegate Indian Band	31	31	7	24	6	6	6	6		
Snuneymuxw First Nation	25	25	5	20	5	5	5	5		
Southeast Chiefs Organization	24	24		24	24					
Southern First Nations Secretariat	34	34	9	25	8	8	9			
St Theresa Point Band	52	52	27	25	25					
Stoney Band	25	25		25	25					
Stoney Nakoda Child & Family Services Society	10	10		10	10					
Tataskweyak Cree Nation	45	45	15	30	15	15				
The North West Company	25	25		25	25					
Tsuu T'Ina Nation Band	59	59	15	44	11	11	11	11		
Wabaseemoong Independent Nation	19	19	9	10	5	5				
Wagmatcook Band Council	18	18	4	14	4	3	4	3		
Walpole Island First Nation	11	11		11	11					
Wapekeka First Nation	15	15	3	12	3	3	3	3		
Wasagamack First Nation	13	13		13	13					
Wasauksing First Nation	24	24	12	12	3	3	3	3		
Waywayseecappo First Nation Treaty 4	27	27	14	13	13					
Weenusk First Nation	17	17	4	13	3	3	3	4		
Western Cree Tribal Council	41	41	22	19	19					
Whitefish River First Nation	17	17	4	13	3	3	3	4		
Wunnumin Lake First Nation	16	16	4	12	4	4	4			
Yellowhead Tribal Development Foundation	17	17	7	10	5	5				
Canada First Nations Funding										
Atikamekw de Manawan	74	74	61	13	13					
Norway House Cree Nation	224	224	180	44	44					
Nuu-Chah-Nulth Tribal Council	165	165	145	20	20					
Comprehensive Land Claims										
Carcross/Tagish First Nation	55	55	34	21	7	7	7			
Champagne & Aishihik First Nation	48	48	18	30	10	10	10			
Huu-Ay-Aht First Nation	29	29	5	24	3	3	3	3	2	10
Huu-Ay-Aht First Nation	35	35	6	29	6	6	3	3	4	7
James Bay and Northern Quebec	374	374	293	81	81					
Ka:'yu:'k't'h / Che:k'tles7et'h' First Nations	25	25	4	21	3	2	3	2	2	9
Ka:'yu:'k't'h / Che:k'tles7et'h' First Nations	40	40	6	34	6	7	4	4	4	9
Kluane First Nation	33	33	23	10	3	3	4			
Kwanlin Dun First Nation	102	102	65	37	12	12	13			
Labrador Inuit (Nunatsiavut)	96	96	63	33	33					
Little Salmon/Carmacks First Nation	44	44	17	27	9	9	9			
First Nation of Nacho Nyak Dun	41	41	16	25	8	8	9			
Nisga'A Nation	504	504	175	329	59	63	66	69	72	
Nunavut	89	89	17	72	17	18	18	19		
Selkirk First Nation	42	42	16	26	8	9	9			
Ta'An Kwach'An Council	32	32	22	10	3	3	4			
Teslin Tlingit Council	42	42	16	26	8	9	9			
Tlicho Government	58	58	35	23	5	5	5	3	3	2
Toquaht Indian Band	12	12	2	10	2	2	1	1	1	3
Tr'Ondek Hwech'In First Nation	44	44	16	28	9	9	10			

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse-quently
Uchucklesaht Indian Band	16	16	3	13	3	3	1	1	2	3
Ucluelet First Nation	29	29	4	25	3	3	3	3	3	10
Ucluelet First Nation	42	42	7	35	7	7	4	4	4	9
Vuntut Gwitchin First Nation	45	45	17	28	9	9	10			
Contribution Agreement										
Tax Loss Compensation Program	57	57	32	25	3	3	3	3	3	10
DIAND/First Nations Funding										
Battlefords Agency Tribal Chiefs Inc	14	14		14	7	7				
Cowessess Band	41	41	13	28	7	7	7	7		
Esgenoopetitj First Nation	58	58	48	10	10					
Eskasoni Band Council	85	85	69	16	16					
Island Lake First Nation Band	12	12	1	11	5	6				
Makwa Sahgaiehcan First Nation Band	48	45	35	10	9	1				
Montreal Lake Band	11	11		11	6	5				
Onion Lake Band	19	19		19	10	9				
Pade Management Company Ltd	14	14		14	7	7				
Peter Ballantyne Child & Family Services Inc	12	12		12	6	6				
Peter Ballantyne Cree Nation	40	40		40	10	10	10	10		
Red Earth Band	26	25	5	20	20					
Saddle Lake Band	153	153	131	22	22					
Wikwemikong Unceded Indian Reserve	92	92	75	17	17					
Grant Agreement										
Mi'Kmaw Kina'Matnewey	70	70	23	47	47					
Self-Government Agreement										
Mi'Kmaw Kina'Matnewey Education	346	346	39	307	47	48	50	52	54	56
Sechelt Indian Band	65	65	9	56	7	6	7	7	7	22
	8,785	*8,779*	*3,307*	*5,472*	*2,226*	*1,239*	*953*	*738*	*166*	*150*
Industry—										
Department—										
Bell Helicopter Textron Canada Ltd										
Modular affordable product line	115	115	56	59	8	9	6	7	9	20
Bombardier Aerospace										
Research and development for the C Series	350	350	203	147	66	52	29			
CAE Inc										
Simulation technologies—Falcon Project	250	250	142	108	59	49				
Cascade Data Services Inc										
Transmission of large packages of data files	77	77	48	29	1		5	10	13	
Ford Motor Company of Canada Ltd										
Flexible manufacturing production process	80	80	40	40	40					
International Telecommunication Union										
Funding	27	27	6	21	7	7	7			
Linamar Corporation										
Development and commercialization of green technologies	55	55	28	27	27					
Magellan Aerospace Limited										
Research and development for manufacturing F-35 JS	43	43	18	25	8	17				
Mechtronix Systems Limited										
Research and development for flight simulation program	19	19	6	13	13					
Pratt & Whitney Canada Corporation										
Gas turbine engine research program	300	300	61	239	80	80	79			
Toyota Motor Manufacturing Canada Inc										
RAV4 and Corolla improvements	71	71	24	47	47					
Ultra Electronics TCS Inc										
High capacity radio	33	33	10	23	6	6	6	5		
University of Waterloo										
Application of quantum mechanical technology	50	50	39	11	5	6				

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subse-quently
Canadian Space Agency—										
European Space Agency, Paris, France										
Contribute to the Canadian Space Program and maintain the competitiveness of the Canadian Space Sector	504	504	373	131	24	20	19	16	12	40
Federal Economic Development Agency for Southern Ontario—										
Alliance of Manufacturers and Exporters of Canada										
Contributions to small and medium enterprises undertaking productivity enhancement initiatives	19	19	1	18	12	6				
The Corporation of the City of Brantford										
Brownsfield redevelopment project	12	12		12	12					
University of Toronto										
Southern Ontario Smart Computing Innovation Platform	20	20	10	10	7	3				
University of Waterloo										
Water technologies research	20	20	1	19	8	11				
York University										
Research and development of software systems	15	15	4	11		11				
National Research Council of Canada—										
Canada-France-Hawaii Telescope Corporation										
Partnership to operate a jointly owned optical telescope	118	118	103	15	3	3	3	3	3	
Gemini Twin Telescope Project										
Collaboration to build and operate 8 meter telescopes	118	118	100	18	5	6	5	2		
Triumf										
Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia	203	203	70	133	44	44	45			
	2,499	*2,499*	*1,343*	*1,156*	*482*	*330*	*204*	*43*	*37*	*60*
Justice—										
Care and services provided to young persons dealt with under the Young Offenders Act										
Government of Alberta	34	34	17	17	17					
Government of British Columbia	44	44	22	22	22					
Government of Ontario	128	128	64	64	64					
Government of Quebec	73	73	37	36	36					
Other provinces	76	76	38	38	38					
Other Programs provided to young persons dealt with under the Young Offenders Act										
Intensive Rehabilitative Custody and Supervision Program	52	52	41	11	11					
	407	*407*	*219*	*188*	*188*					
Natural Resources—										
Clean Energy Fund										
City of Yellowknife	13	13		13	5	8				
Enhance Energy Inc	30	30	20	10	10					
ecoENERGY for Biofuels—										
Support the production of renewable alternatives to gasoline and diesel										
Amaizeingly Green LP	27	27	16	11	4	4	3			
Biocardel Quebec	14	14		14	4	3	3	2	2	
Biox Canada Limited	67	67	46	21	9	7	5			
Great Lakes Biofuels	65	65		65	18	17	13	10	7	
Greenfield Ethanol Inc—Chatham	63	63	40	23	9	8	6			

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subse-quently
Greenfield Ethanol Inc—Varennes	87	87	56	31	12	10	9			
Greenfield Johnstown Limited	118	118	67	51	17	16	13	5		
Husky Oil Limited—Lloydminster	61	61	38	23	9	8	6			
Husky Oil Limited—Minnedosa	71	71	48	23	9	8	6			
Integrated Grain Processors Cooperative Inc	83	83	51	32	11	10	8	3		
Kawartha Ethanol Inc	40	40	11	29	7	7	6	5	4	
Kyoto	28	28		28	9	7	5	4	3	
Maple Leaf Foods Inc—Rothsay	49	49	35	14	6	5	3			
Methes Energies—Sombra	21	21		21	7	5	4	3	2	
Suncor Energy Products Inc	161	161	90	71	28	23	20			
Terra Grain Fuels Inc	60	60	33	27	11	9	7			
ecoENERGY for Renewable Power Program—Increase renewable power										
Abitibi-Consolidated Company of Canada	22	22	2	20	2	2	2	3	3	8
Ashlu Creek Investments Limited Partnership	26	26	5	21	3	3	3	3	2	7
Bear Mountain Wind Limited Partnership	21	21	4	17	2	2	2	2	2	7
Brilliant Expansion Power Corporation	47	47	17	30	5	5	5	5	4	6
Brookfield Power Wind Prince LP	53	53	22	31	5	5	5	6	6	4
Canadian Hydro Developers Inc	35	35	10	25	4	3	4	3	3	8
Canadian Renewable Energy Corporation	59	59	13	46	6	6	6	6	6	16
Caribou Wind Park Limited Partnership	22	22	6	16	3	3	3	3	2	2
Cartier Énergie Éolienne Inc (1 of 3)	31	31	13	18	3	3	3	3	3	3
Cartier Énergie Éolienne Inc (2 of 3)	31	31	14	17	3	3	3	3	3	2
Cartier Énergie Éolienne Inc (3 of 3)	34	34	12	22	3	3	4	3	3	6
Castle Rock Ridge Limited Partnership	23	23		23	2	2	2	3	3	11
Dokie General Partnership	33	33	4	29	3	3	3	3	4	13
Enbridge Ontario Wind Power LP	48	48	14	34	5	5	5	5	5	9
Ghost Pine Windfarm LP	25	25	2	23	3	2	3	2	3	10
Glen Dhu Wind Energy Ltd	19	19	2	17	2	2	2	2	2	7
Gosfield Wind Limited Partnership	15	15	2	13	2	1	2	1	2	5
Harrison Hydro Limited Partnership (1 of 2)	35	35	8	27	4	3	4	3	4	9
Harrison Hydro Limited Partnership (2 of 2)	25	25	2	23	3	2	3	2	2	11
Kruger Energy Chatham LP	31	31	4	27	3	3	3	3	3	12
Kruger Energy Port Alma LP	31	31	11	20	3	3	3	3	3	5
Lameque Wind Power LP	14	14	2	12	1	1	2	1	1	6
Magpie Limited Partnership	18	18	8	10	2	2	1	2	2	1
Mont Louis Wind LP	31	31	2	29	3	3	3	3	3	14
Nova Scotia Power Inc	15	15	2	13	1	2	1	2	1	6
Raleigh Wind Power Partnership	24	24	3	21	2	2	3	2	3	9
RMSEnergy Dalhousie Mountain LP	16	16	4	12	1	2	1	2	1	5
Saint-Ulric Saint-Léandre Wind LP	37	37	8	29	4	4	3	4	3	11
St Joseph WindFarm Inc	42	42	4	38	4	4	4	5	4	17
Suncor Energy Products Inc	22	22	9	13	2	2	2	3	2	2
Talbot Windfarm LP	30	30	4	26	3	3	3	3	3	11
Toba Montrose General Partnership	73	73	9	64	7	7	7	8	7	28
TransAlta Corporation (1 of 5)	22	22	7	15	3	3	3	3	3	
TransAlta Corporation (2 of 5)	20	20	4	16	2	2	2	2	2	6
TransAlta Corporation (3 of 5)	18	18	3	15	2	2	2	2	2	5
TransAlta Corporation (4 of 5)	21	21	2	19	2	2	2	3	2	8
TransAlta Corporation (5 of 5)	14	14	2	12	1	1	2	1	2	5
West Cape Wind Energy Inc	20	20	7	13	2	2	3	2	3	1
Weyerhaeuser Canada Ltd	32	32	3	29	2	2	3	3	3	16
Gunnar and Lorado agreement										
Government of Saskatchewan	12	12	1	11	2	3	2	2	1	1
Wind Power Production Incentive										
ENMAX Green Power Inc	24	24	10	14	3	2	2	3	4	
Erie Shores Wind Farm LP	26	26	14	12	3	2	3	3	1	
GW Power Corporation	25	25	13	12	3	2	2	3	2	
Saskatchewan Power International Inc	37	37	16	21	5	5	6	5		
St Leon Wind Energy LP	30	30	17	13	3	3	3	4		
TransAlta Energy Corporation (1 of 2)	23	23	10	13	3	10				
TransAlta Energy Corporation (2 of 2)	19	19	9	10	2	3	5			
	2,389	*2,389*	*891*	*1,498*	*322*	*295*	*257*	*170*	*141*	*313*

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Public Safety and Emergency Preparedness—										
Department—										
Biology Casework Analysis Contribution Program	17	17	7	10	3	4	3			
First Nation Policing Program	339	339	272	67	64	3				
Safer Communities Initiative	161	161	86	75	37	23	12	3		
Royal Canadian Mounted Police—										
Canadian Firearms Program	14	14		14	14					
	531	*531*	*365*	*166*	*118*	*30*	*15*	*3*		
Transport—										
Department—										
Airport Capital Assistance Program	47	47	18	29	29					
BC Ferries										
Grant for the provision of ferry and coastal freight and passenger services	522	522	345	177	28	29	29	30	30	31
Contributions in support of the Asia-Pacific Gateway and Corridor Initiatives										
City of Surrey	53	53	7	46	23	23				
City of Vancouver	19	19		19	5	14				
Government of British Columbia	363	363	216	147	93	54				
Government of Manitoba	33	33	4	29	11	18				
Port Metro Vancouver	69	69	9	60	23	25	12			
Contributions in support of the Gateways and Border Crossings Fund										
Aéroport de Québec Inc.	22	22		22	15	7				
City of Calgary	35	35	19	16	16					
City of Saskatoon	96	96	70	26	26					
Government of Manitoba	67	67	18	49	3	9	35	2		
Government of New Brunswick	93	93		93	93					
Government of Saskatchewan	27	27	9	18	8	9	1			
Halifax Port Authority	54	54	20	34	20	14				
Saint Mary's River Bridge Company	44	44	3	41	8	33				
Northumberland Ferries Limited										
Contribution in support of costs of operating a ferry service	22	22	12	10	10					
Quebec Ministry of Transportation										
Outaouais Road Agreement Contribution Program	161	161	98	63	23	15	14	5	3	3
Office of Infrastructure of Canada—										
Building Canada Fund—Communities Component										
Government of Alberta	88	88	56	32	32					
Government of British Columbia	136	136	53	83	56	23	4			
Government of Manitoba	41	41	19	22	8	12	1	1		
Government of New Brunswick	33	33	20	13	8	2	3			
Government of Newfoundland and Labrador	56	56	32	24	15	9				
Government of Nova Scotia	37	37	22	15	13	2				
Government of Ontario	362	362	223	139	50	30	20	39		
Government of Quebec	410	410	26	384	122	62	73	127		
Government of Saskatchewan	99	99	67	32	25	7				
Building Canada Fund—Major Infrastructure Fund										
Aggregate	188	188	93	95	85	8	2			

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Canada Strategic Infrastructure Fund										
Aggregate	318	318	253	65	58	4	2	1		
Core National Highway System Projects										
Government of British Columbia	51	51		51			12	39		
Government of Newfoundland and Labrador	67	67	34	33	26	7				
Government of Nova Scotia	53	53	27	26	26					
Government of Saskatchewan	95	95	45	50	19	10	14	7		
Green Infrastructure Fund										
Aggregate	80	80	67	13	10	3				
Municipal Rural Infrastructure Fund										
Aggregate	454	454	418	36	36					
Government of Ontario	339	339	319	20	20					
Government of Quebec	235	235	156	79	79					
Provincial-Territorial Base Funding										
Government of Alberta	175	175	150	25	25					
Government of Manitoba	175	175	165	10	10					
Government of New Brunswick	175	175	100	75	50	25				
Government of Newfoundland and Labrador	175	175	112	63	38	25				
Government of Nova Scotia	175	175	117	58	43	15				
Government of Nunavut	183	183	130	53	26	27				
Government of Ontario	175	175		175	158	17				
Government of Prince Edward Island	175	175	134	41	41					
Government of Quebec	175	175	150	25	25					
Government of Saskatchewan	175	175	160	15	5	10				
Government of the Northwest Territories	186	186	171	15	11	4				
Government of Yukon	183	183	130	53	26	27				
Transfer of Gas Tax revenues										
Government of Alberta	1,275	1,275	876	399	200	199				
Government of British Columbia	1,638	1,638	1,137	501	251	250				
Government of Manitoba	432	432	300	132	66	66				
Government of New Brunswick	294	294	183	111	67	44				
Government of Newfoundland and Labrador	207	207	145	62	31	31				
Government of Nova Scotia	369	369	257	112	56	56				
Government of Nunavut	98	98	68	30	15	15				
Government of Ontario	4,853	4,853	3,282	1,571	824	747				
Government of Prince Edward Island	98	98	68	30	15	15				
Government of Quebec	3,005	3,005	2,078	927	464	463				
Government of Saskatchewan	372	372	260	112	56	56				
Government of the Northwest Territories	98	98	68	30	15	15				
Government of Yukon	98	98	45	53	38	15				
Calgary Exhibition and Stampede Limited										
Calgary Exhibition and Stampede Park	25	25	2	23	8	9	6			
City of Brampton										
Brampton AcceleRide Capital Project	53	53	33	20	20					
City of Calgary										
Calgary Transit Projects	51	51	14	37	25	6	6			
City of Cornwall										
Cornwall Wastewater Treatment Plant	19	19	1	18	12	6				
City of Edmonton										
Edmonton North Light Rail Transit Expansion	100	100	23	77	37	40				

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
City of Hamilton										
Hamilton Harbour Clean up	35	35	23	12	12					
City of Mississauga and Greater Toronto Transit Authority										
Mississauga Bus Rapid Transit Project	83	83	21	62	62					
City of Niagara Falls										
Niagara Visitor Transportation System	25	25		25	25					
City of Saskatoon										
Art Gallery of Saskatchewan	13	13	1	12	1	7	4			
City of Toronto										
Revitalization of Union Station	133	133	24	109	39	36	24	10		
City of Toronto and the Municipality of York										
Toronto-York Spadina Subway Extension	622	622	192	430	280	75	41	34		
City of Toronto and the Toronto Transit Commission										
Modernization and expansion of bus, streetcar and subway services	304	304	289	15	15					
City of Winnipeg										
Winnipeg Wastewater Treatment	42	42	11	31	31					
Corporation of the City of London										
Huron Elgin London Clean Water Project	50	50	21	29	29					
Corporation of the City of St Catharines										
St Catharines Arts Centre Project	18	18	1	17	3	8	6			
Corporation of the City of Victoria										
Johnson Street bridge replacement	21	21	2	19	10	8	1			
Corporation of the Town of Kirkland Lake										
Kirkland Lake Wastewater Improvement Project	16	16		16	11	5				
Falcon Communications GP Ltd										
Northwest Territories Broadband Phase II	15	15		15	15					
Government of Alberta										
Alberta Major Highway Infrastructure Projects	234	234	159	75	48	27				
Contribution for the twinning of Highway 63	150	150	38	112	35	28	44	5		
Government of British Columbia										
Northwest Transmission Line Project	130	130		130	108	22				
Transit Improvement Program	118	118	17	101	47	15	4	16	19	
Government of New Brunswick										
Highways 1, 7, 8, 11 and Marysville Bypass	114	114	99	15	7	8				
Government of Ontario										
Eastern Ontario Regional Broadband Network	55	55	12	43	38	5				
Ontario Major Highways 8 and 69 Infrastructure Projects	66	66	55	11	11					
Road infrastructure improvements leading to border crossings in Windsor	140	140	120	20	20					
Government of Quebec										
Augustinian monastery	15	15		15	2	5	5	3		
Baie Comeau Water Treatment Project	20	20		20	7	9	4			
Highway 30, Phase II	704	704	305	399	381	18				
Highways 35, 50 and 185	445	445	204	241	80	58	44	59		
Highways 35, 55, 73 and 173	147	147	67	80	38	32	7	3		

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse-quently
Laval Drinking Water Treatment Plant	47	47	6	41	24	17				
Multisports and Health Centre, Bishop's University	13	13		13	12	1				
Montreal Combined Sewer Overflow Project	49	49		49		7	19	23		
Outremont Switching Yard Project	30	30		30	18	6	6			
PEPS University of Laval	37	37	21	16	13	3				
Quartier des spectacles de Montréal	40	40	18	22	22					
Thetford Mines Water Treatment and Distribution System	25	25		25	25					
Trois-Rivières Amphitheatre	13	13		13	12	1				
Upgrade and standardize the Charles J. Des Baillets and Atwater drinking water treatment plants	59	59	22	37	37					
Upgrades to the Jean R. Marcotte Wastewater Treatment Facility	64	64		64	5	21	22	16		
Greater Toronto Transit Authority										
Improve the GO Transit rail and bus transit system in the Greater Toronto Area	385	385	294	91	91					
Halifax Regional Municipality										
Halifax Central Library	18	18	2	16	16					
Manitoba Floodway Expansion										
Manitoba Red River Floodway Expansion Phase I, II and III	333	333	299	34	34					
Metrolinx										
GO Transit Improvement Program	250	250	103	147	107	40				
Mont Tremblant Resorts and Company Limited Partnership										
Development of two new four-season resort villages	47	47	19	28	1	27				
Municipality of York										
VIVA bus rapid transit project	85	85	6	79	23	36	20			
Regional Municipalities of York and Durham										
Duffin Creek Water Pollution Control Plant Project	47	47	37	10	10					
The Board of Governors of Mount Royal University										
Construct new integrated Performance Hall and Conservatory	20	20	1	19	12	7				
	25,358	*25,358*	*15,626*	*9,732*	*5,597*	*3,144*	*485*	*420*	*52*	*34*
Western Economic Diversification—										
Alberta Infrastructure and Transportation										
Royal Alberta Museum	*30*	*30*	*10*	*20*	*20*					
Subtotal	59,717	59,691	32,692	26,999	13,742	6,811	2,960	1,969	848	669
Consolidated Crown Corporations and Other Entities—										
National Capital Commission—										
City of Gatineau	*16*	*16*	*6*	*10*	*10*					
Subtotal	16	16	6	10	10					
Total transfer payment agreements[(1)]	**59,733**	**59,707**	**32,698**	**27,009**	**13,752**	**6,811**	**2,960**	**1,969**	**848**	**669**

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subsequently
Capital assets and purchases—										
Capital assets—										
Environment—										
Parks Canada Agency—										
Banff National Park										
Trans Canada Highway twinning—Economic Action Plan	*130*	*44*	*24*	*20*	*20*					
Fisheries and Oceans—										
Irving Shipbuilding Inc										
Design and construction of 9 mid-shore patrol vessels	*198*	*198*	*86*	*112*	*37*	*59*	*14*	*2*		
Industry—										
Canadian Space Agency—										
MacDonald, Dettwiler and Associates Ltd										
Scientific activities for the construction of the Radarsat Constellation	*229*	*229*	*188*	*41*	*41*					
National Defence—										
Department—										
BMT Fleet Technology Limited										
ELMS Services to Ship Design	55	14	2	12	12					
Boeing, Ridley Park										
15 medium to heavy lift helicopters	1,353	1,353	758	595	335	81	179			
CAE Inc										
Aircrew Operational Training services	274	274	145	129	86	15	9	19		
Corporation Fort St-Jean										
Support to RMC Saint-Jean-sur-Richelieu	107	107	68	39				19	20	
DEW Engineering and Development ULC										
Special equipment vehicle	133	133	9	124	59	55	10			
General Dynamics Canada										
Land Command Support System engineering and integration longterm support	425	425	246	179	99	80				
Light Armoured Vehicle III upgrade	1,097	942	16	926	104	255	231	182	124	30
Wheeled Light Armoured Vehicle Optimized Weapon Systems Support	564	483	381	102	50	20	16	16		
General Electric										
In service support for LM2500	68	68	52	16	8	8				
Hepburn Engineering Inc										
Replenishment at sea - repair and overhaul	14	14	3	11	3	2	2	3	1	
Krauss Maffei Wegmann										
Replacement in Kind—Leopard 2 conversion	39	39	10	29	29					
Repair and overhaul—Leopard 2 tanks	50	15	1	14	4	10				
Lockheed Martin Canada										
Combat Systems Integration	505	360	35	325	26	27	27	28	28	189
Lockheed Martin Corporation, USA										
Aurora Structural Life Extension Project	280	174	120	54	37	12	5			
Purchase of 17 C130J Aircrafts	2,360	2,276	1,775	501	115	120	116	120	30	
MacDonald Dettwiler and Associates Ltd Richmond, BC										
Joint Space Support Project	28	28	5	23	22	1				
Naval Combat Operator Trainer	22	12	2	10	1	2	7			

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subsequently
Submarine Command Team Trainer	28	14	1	13	1	2	10			
Surveillance of Space Project	85	66	53	13	13					
Magellan Aerospace Limited										
Support and maintenance for the Canadian Forces Engine Test Facilities	16	16		16	1	1	1	1	1	11
Raytheon Canada Limited										
Repair and conversion of radar equipment	181	170	77	93	22	12	12	12	11	24
Rheinmetall Canada Inc										
Repair and overhaul of 42 Leopard 2A4	37	37	6	31	23	8				
Rheinmetall Landsysteme GmbH										
Armoured recovery vehicle conversion and integrated logistic support	68	68		68		17	9	25	17	
Sikorsky International Operations Inc Stratford, CT, USA										
Acquisition of 28 maritime helicopters	1,880	1,880	871	1,009	354	567	88			
Thales Canada Inc, Ottawa, Ont										
Land Command Support System Software Longterm support	175	175	125	50	33	17				
Tactical Control Radar Modernization	52	52	2	50	13	37				
Weir Canada Inc										
Maritime Systems and Engineering	600	199	57	142	36	35	36	35		
Communications Security Establishment—										
Plenary Properties										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	1,170	1,170		1,170			308	13	9	840
	11,666	*10,564*	*4,820*	*5,744*	*1,486*	*1,384*	*1,066*	*473*	*241*	*1,094*
Public Safety and Emergency Preparedness—										
Royal Canadian Mounted Police—										
RCMP Fleet Vehicles	*86*	*86*	*55*	*31*	*31*					
Public Works and Government Services—										
Department—										
Bondfield Construction Company Ltd										
New medium security housing unit Bath Institution, Ont	20	20	3	17	16	1				
Broccolini Construction										
22 Eddy Street, Gatineau, Que(2)	298	298		298		11	12	12	12	251
455 de la Carrière Boulevard, Gatineau, Que(2)	244	244	5	239	16	9	8	9	8	189
Dowland Contracting Ltd										
Cadet accomodation building Regina, Sask	24	24	1	23	16	7				
East Tunnel Replacement Project										
Ottawa, Ont	21	21	6	15	9	6				
EBC Inc										
Construction of 2 living units Cowansville Medium Security Institution, Que	17	17	6	11	11					
Ed Brunet and Associates Canada Inc										
National Research Council of Canada Heating plant, 100 Sussex Drive Ottawa, Ont	19	19	3	16	16					
Elite Construction Inc										
New housing unit, Collins Bay Institution Kingston, Ont	17	17	3	14	10	4				
Graham Construction & Engineering Inc										
96 bed living unit, Stony Mountain Institution, Man	21	21	3	18	15	3				

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Green Timbers Limited Partnership										
RCMP "E" Division relocation Surrey, BC	298	298	93	205	34	6	6	6	6	147
Maple Reinders Inc										
96 bed living unit, Edmonton Maximum Security Institution, Alta	18	18	3	15	15					
Maxim 2000 Inc										
New living units, Springhill Institution, NS	23	23	7	16	16					
Multivesco Inc										
30 Victoria Street, Gatineau, Que(2)	298	298		298		10	12	12	12	252
North Country Maintenance Inc										
North Alaska Highway maintenance and repair services, BC	53	53	25	28	10	6	6	6		
PCL Construction Management Inc										
Renovations of the RCMP Fort Macleod dormitory, RCMP Training Academy Regina, Sask	26	26	14	12	12					
PCL Constructors Canada Inc										
New "H" Division Construction, RCMP	101	68	48	20	19	1				
Penn-Co Construction Canada (2003) Ltd										
Port of entry building design / build at the Coulter, Goodlands and Lyleton Border Crossings, Man	15	15	4	11	11					
Plano Construction Inc										
Collection Storage Facility Project, 555 Des Entreprises Avenue, Gatineau, Que	17	17	1	16	16					
Pomerleau Inc										
New housing units Donnacona Institution, Que	21	21	3	18	12	6				
Pomerleau Inc, Architecture 2000 Inc and Maritime Fence Ltd										
New maximum security housing unit, Atlantic Institution, NB	22	22	3	19	10	9				
Quad Pro Construction Inc										
Maximum security cell unit Millhaven Institution, Ont	18	18	3	15	15					
The Great-West Life Assurance Company										
90 Elgin Street, Ottawa, Ont(2)	501	501		501			10	20	20	451
Wellington Building Renovation										
Ottawa, Ont	425	258	84	174	38	79	57			
West Block renovation										
111 Wellington Street, Ottawa, Ont	1,171	647	242	405	43	177	180	4	1	
Shared Services Canada—										
IBM Canada Ltd										
Supercomputer system, Dorval, Que(2)	32	32	1	31	13	13	5			
	3,720	*2,996*	*561*	*2,435*	*373*	*348*	*296*	*69*	*59*	*1,290*
Subtotal	16,029	14,117	5,734	8,383	1,988	1,791	1,376	544	300	2,384
Consolidated Crown Corporations and Other Entities—										
Canadian Air Transport Security Authority—										
L3 Communications	11	11		11	1	1	1	1	1	6
Smiths Detection Montreal Inc	39	39	20	19	5	5	6	3		
	50	*50*	*20*	*30*	*6*	*6*	*7*	*4*	*1*	*6*
Canadian Museum for Human Rights—										
PCL Constructors Canada Inc	*233*	*233*	*190*	*43*	*43*					

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subsequently
VIA Rail Canada Inc.—										
CAD Railway Services Inc										
Modernize and refurbish locomotives	131	104	90	14	14					
Canadian National Railways										
Rail infrastructure improvements	312	312	261	51	51					
Industrial Rail Services										
Modernize and refurbish LRC cars	87	79	20	59	15	15	15	14		
	530	*495*	*371*	*124*	*80*	*15*	*15*	*14*		
Subtotal	813	778	581	197	129	21	22	18	1	6
Total capital assets	16,842	14,895	6,315	8,580	2,117	1,812	1,398	562	301	2,390
Purchases—										
Fisheries and Oceans—										
Provincial Airlines Ltd										
Air Surveillance Program	*75*	*72*	*34*	*38*	*13*	*13*	*12*			
Foreign Affairs and International Trade—										
Canadian Bank Note Company Limited										
Purchase of passport materials	*229*	*225*	*52*	*173*	*49*	*46*	*40*	*38*		
Health—										
Department—										
Express Scripts Inc	100	100	39	61	22	23	16			
Public Health Agency of Canada—										
GlaxoSmithKline										
Pandemic readiness fees	97	97	9	88	9	10	10	10	10	39
	197	*197*	*48*	*149*	*31*	*33*	*26*	*10*	*10*	*39*
Human Resources and Skills Development—										
Canada Post Corporation										
Mail delivery services	114	114	42	72	38	34				
Davis & Henderson Limited Partnership										
Private institutions that are party to an agreement with the Minister under the *Canada Student Financial Assistance Act*	349	303	263	40	40					
St Joseph Print Group										
Forms management service	18	18	8	10	7	3				
	481	*435*	*313*	*122*	*85*	*37*				
Industry—										
Canadian Space Agency—										
MacDonald Dettwiler Space and Advanced Robotics Ltd										
Canadian Space Station Program	*153*	*153*	*127*	*26*	*25*	*1*				
National Defence—										
Department—										
Allied Wings										
Pilot Training, Manitoba	1,828	1,759	456	1,303	85	79	78	78	79	904
Babcock Canada Inc										
Victoria in service support contract	1,707	353	221	132	132					
BAE Bofors System, Sweden										
57mm gun	117	94	63	31	12	8	7	4		
Bell Helicopter Textron Limited Canada										
Optimized weapon system support CH-146 Griffon	610	610	70	540	67	67	68	68	68	202

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Biogenic SRDC Inc, Qikiqtaaluk Logistics Inc, Kitnuna Projects Inc, Quantum Murray and E Gruben's Transport Ltd										
DEW Line Cleanup	583	139	100	39	25	14				
Bombardier Inc										
Jet Flying Pilot Training	2,583	1,823	1,045	778	98	93	96	99	100	292
CAE Inc, Saint-Laurent, Que										
Aircrew operational training services	297	297		297	5	7	13	13	1	258
Support to operational and training personnel	26	16	5	11	5	6				
Calian Ltd, Ottawa, Ont										
Manage health care providers to the Canadian Forces	597	511	387	124	61	63				
National maintenance contract for Class B vehicles	28	28	15	13	10	3				
Canadian Base Operators Meaford										
Logistics support and facilities maintenance services	130	130	78	52	13	13	13	13		
Cascade Aerospace Inc, Abbotsford, BC										
Repair and overhaul of Hercules CC-130 Aircraft	521	521	363	158	52	41	34	31		
Dew Engineering and Development ULC										
Field space and water heaters	16	15		15	8	7				
Fleetway Inc, Halifax, NS										
In service support for Halifax and Iroquois Class vessels	187	91	59	32	12	13	7			
General Dynamics Ordnance and Tactical Systems Canada										
Ammunition	104	104	16	88	44	25	19			
Tank replacement project—120mm ammunition	29	29	1	28	28					
Halifax Shipyard, NS										
Halifax Class modernization	842	515	268	247	78	99	70			
Harris Canada Inc										
CF-18 Avionics Optimized weapon system support	198	198	19	179	32	28	28	28	28	35
IBM Canada Ltd										
Material acquisition and support information system	371	371	345	26	26					
IMP Group Ltd, NS										
CH-149 Cormorant Helicopter in service support	818	818	596	222	103	103	16			
Optimized Weapon System Support CP-140 Aurora Aircraft	493	493	339	154	56	78	20			
Third line support for Sea King Helicopter CH-124	329	329	266	63	28	27	5	3		
Israel Ministry of Defence										
The Stand-Off Direction System	27	27	4	23	11	3	9			
L-3 Communications Canada, Que										
CF-18 Hornet Aircraft System Engineering Support	1,145	1,145	821	324	79	76	74	67	28	
Integrated Platform Management System	85	78	37	41	11	8	4	6	9	3
L-3 Communications Electronic Systems, Enfield, NS										
CP-140 Aurora Aircraft Avionics Optimized Weapon System Support	395	395	110	285	26	28	31	34	37	129

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS. CAPITAL ASSETS. PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Lockheed Martin Inc										
Combat Systems integration	1,376	1,370	749	621	180	132	136	111	47	15
CF-18 in-service support	24	24	10	14	2	2	2	1	1	6
Nasittuq Corporation, Ottawa, Ont										
North Warning System operation and maintenance	731	699	625	74	74					
Orenda Aerospace Corporation Mississauga, Ont										
CF-18 Hornet Aircraft, F404 engine repair and overhaul	261	261	250	11	11					
Rheinmetall Canada Inc										
Close area suppression weapon	99	98	73	25	25					
Rheinmetall Waffe Munition GMBH Germany										
Halifax Class modernization	44	26	16	10	10					
SAAB Microwave Canada Ltd, Halifax, NS										
Seagiraffe Radar	43	38	24	14	7	7				
Santé Montfort, National Capital Region, Ont										
Provide medical/dental facility and professional services	185	185	45	140	12	13	12	13	12	78
Seaway Marine & Industrial Inc										
HMCS Athabaskan refit	30	21	1	20	20					
SERCO Facilities Management Inc										
Provision of site services at 5 Wing, Goose Bay	556	556	329	227	113	114				
Sikorsky International Operations Inc Stratford, CT, USA										
Maritime helicopters in service support	3,290	3,290	511	2,779	239	191	160	156	175	1,858
SNC Lavalin Defence Programs Inc										
In-service support for MCDV/AUX	685	136	21	115	27	27	30	31		
Techno Feu Inc										
Aircraft Rescue Fire Fighting vehicles	12	12		12	11	1				
Telesat Canada										
North Warning System	30	30	10	20	3	3	3	3	2	6
Thales Canada Inc										
Fire Control Radars	61	53	10	43	2	2	2	2	2	33
United States Department of the Air Force										
Wideband Global Satellite Communications System	304	304		304	200	2	37	47	1	17
Victoria Shipbuilding Limited, BC										
Halifax Class modernization	842	304	110	194	76	59	59			
HMCS Protecteur refit	63	52	4	48	48					
Communications Security Establishment—										
Plenary Properties										
Public-private partnership arrangement to design, build, finance and maintain (35 years)	2,949	2,949		2,949		1	68	101	106	2,673
	25,651	*21,297*	*8,472*	*12,825*	*2,167*	*1,443*	*1,101*	*909*	*696*	*6,509*
Privy Council—										
Chief Electoral Officer—										
Bell Canada										
Data communication services	*21*	*21*	*3*	*18*	*9*	*6*	*3*			
Public Safety and Emergency Preparedness—										
Correctional Service—										
Cistel Technology Inc										
Infrastructure support resourcing	29	29	3	26	9	9	8			
Offender management system	14	14	1	13	4	4	5			

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Logistik Unicorp Inc										
Uniforms	19	19	5	14	3	4	3	3	1	
The ADGA Group										
Maintenance of electronic security systems	29	29	2	27	8	6	6	7		
Royal Canadian Mounted Police—										
MTS Allstream Inc										
Rental of voice communications equipment	43	43	17	26	7	6	6	6	1	
	134	*134*	*28*	*106*	*31*	*29*	*28*	*16*	*2*	
Public Works and Government Services—										
Department—										
4345177 Canada Inc										
Fontaine Building, Gatineau, Que	45	45	11	34	2	3	3	3	3	20
519719 Ontario Inc										
1600 Star Top Road, Ottawa, Ont	73	73	34	39	5	5	5	5	6	13
6149625 Canada Inc										
Place Vincent Massey, Gatineau, Que	23	23		23	1	1	1	1	1	18
6149626 Canada Inc										
Place Vincent Massey, Gatineau, Que	107	107	2	105	3	3	3	4	4	88
A N (MegaCentre) Inc										
550 De la Cité Boulevard, Gatineau, Que	48	48	25	23	3	3	3	4	4	6
BCIMC Realty Corporation										
105 de l'Hôtel-de-Ville Street Gatineau, Que	28	28	13	15	3	3	3	3	3	
Broccolini Construction										
22 Eddy Street, Gatineau, Que(3)	207	207		207		8	8	8	8	175
455 de la Carrière Boulevard, Gatineau, Que(3)	171	171		171	3	6	7	7	7	141
Canada Post Corporation										
Canada Post Place, Ottawa, Ont	62	62	24	38	4	4	5	5	5	15
City of Vancouver										
Library Square Block 56, Vancouver, BC	22	22	11	11	1	1	1	1	1	6
Computershare Trust Company of Canada										
305 René-Levesque Boulevard West, Montréal, Que	117	117	10	107	4	4	5	5	5	84
4225 Dorchester Boulevard West, Westmount, Que	97	97	9	88	4	3	4	3	4	70
Canada Place, Edmonton, Alta	303	303	37	266	10	11	11	11	12	211
Harry Hays Building, Calgary, Alta	194	194	24	170	7	7	7	7	8	134
Joseph Sheppard Building, Toronto, Ont	280	280	41	239	10	10	10	10	10	189
Skyline Complex, Ottawa, Ont	262	262	47	215	9	9	9	9	9	170
Thomas D'Arcy McGee Building, Ottawa, Ont	272	272	29	243	10	10	10	10	11	192
Consortium GM Développement, OGESCO Construction, Pierre Martin & Associés, Design & Architecture										
1550 d'Estimauville Avenue, Quebec, Que	79	79	1	78	3	3	4	4	4	60
Dragage St-Maurice (1989) Inc										
Maintenance dredging of St Lawrence Seaway, north crossing area, Que	29	29		29	4	5	5	4	4	7
First Data/Paymentech Canada Partner Inc and Dearborn Merchant Services Inc										
Card acceptance services Toronto, Ont	132	132	55	77	26	28	23			
Fortis Corporation										
Maritime Centre, Halifax, NS	13	13	1	12	1	1	1	1	1	7
Green Timbers Limited Partnership										
Public-Private Partnership Accomodations Project—RCMP "E" Division relocation, Surrey, BC	682	682		682	7	24	24	25	25	577

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subsequently
Minto Commercial Properties Inc										
Mercury Centre, Ottawa, Ont	345	345	30	315	13	13	14	14	14	247
Morguard Corporation / 131 Queen Street Limited										
131 Queen Street, Ottawa, Ont	149	149	33	116	7	7	7	7	7	81
Morguard Corporation / 3683249 Canada Inc										
181 Queen Street, Ottawa, Ont	68	68	25	43	3	3	3	4	4	26
Multivesco Inc										
30 Victoria Street, Gatineau, Que(3)	207	207		207		7	8	8	8	176
O&Y REIT Holdings Inc										
Jean Edmonds Tower, Ottawa, Ont	63	63	45	18	7	6	5			
Place Montcalm (Phase III partnership)										
Montcalm Place, Gatineau, Que	53	53	27	26	4	4	4	4	4	6
SNC Lavalin Operations & Maintenance Inc										
Building maintenance services	5,629	4,722	3,393	1,329	664	665				
The Canada Life Assurance Company										
Judicial Complex, Toronto, Ont	102	102	26	76	5	5	5	5	5	51
The Great West Life Assurance Company of Canada and London Life Assurance Company										
269 Laurier Street West, Ottawa, Ont.	81	81	33	48	5	5	5	6	6	21
Tlicho Engineering & Environmental Services Ltd										
Remediation of Tundra mine, Phase 2, NWT	43	37	22	15	8	7				
Shared Services Canada—										
2Keys Corporation										
Government of Canada branded credential service	26	12		12	2	4	4	2		
Bell Canada										
Data center colocation service	85	79		79		13	14	14	9	29
Network equipment	279	279	155	124	124					
Secure channel services	388	342	298	44	24	20				
Telecommunications services	100	100		100	19	19	20	21	21	
CA Canada Inc										
Maintenance	70	70	21	49	13	15	14	7		
CGI Group Inc										
Engineering services	198	152	117	35	26	9				
IBM Canada Ltd										
Date centre operationnal services	50	45	29	16	16					
Mainframe software and maintenance, and support services	202	202	180	22	22					
Maintenance	11	11		11	2	3	4	2		
Microsoft Licensing GP										
Network software	51	51	37	14	14					
SecureKey Technologies Inc										
Credential broker services	41	41	16	25	6	6	5	5	3	
Telus Communications Inc										
Telecommunications services	255	255	94	161	31	34	39	42	15	
Various contractors										
Network equipment	29	29	19	10	5	4	1			
Software and hardware support	59	59	49	10	6	1	1	1	1	
	11,830	*10,800*	*5,023*	*5,777*	*1,146*	*1,002*	*305*	*272*	*232*	*2,820*

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse-quently
Treasury Board—										
Sun Life Assurance Company of Canada										
Pensioners' Dental Services Plan (Administration)	34	34	17	17	7	5	5			
Public Service Health Care Plan (Administration)	175	175	39	136	26	26	28	35	21	
	209	*209*	*56*	*153*	*33*	*31*	*33*	*35*	*21*	
Subtotal	38,980	33,543	14,156	19,387	3,589	2,641	1,548	1,280	961	9,368
Consolidated Crown Corporations and Other Entities—										
Atomic Energy of Canada Limited—										
Purchase orders	39	39		39	39					
Regulatory commitments	74	74		74	74					
	113	*113*		*113*	*113*					
Canadian Air Transport Security Authority—										
Garda of Canada—Central	685	685	48	637	126	128	128	128	127	
Garda of Canada—Prairies	453	453	32	421	84	84	84	84	85	
G4S Secure Solutions	437	437	32	405	81	81	81	81	81	
Morpho Detection	33	33	18	15	12	3				
NAV Canada	58	58	6	52	13	13	13	13		
Securitas Transport Aviation Security Ltd.	485	485	35	450	90	90	90	90	90	
Sun Life Assurance Company	32	32		32	4	3	4	3	4	14
	2,183	*2,183*	*171*	*2,012*	*410*	*402*	*400*	*399*	*387*	*14*
Canadian Broadcasting Corporation—										
Programming rights	133	133	93	40	40					
Sports rights	646	646	466	180	44	106	30			
SAP Canada	15	15	3	12	1	1	2	1	1	6
Sintec Media Ltd	12	12	2	10	3	2	3	2		
SNC-Lavalin Profac Inc	456	456	145	311	35	36	37	38	39	126
	1,262	*1,262*	*709*	*553*	*123*	*145*	*72*	*41*	*40*	*132*
Canadian Commercial Corporation—										
Contracts with foreign customers	*3,173*	*3,173*		*3,173*	*1,984*	*1,085*	*95*	*3*	*6*	
National Capital Commission—										
Land management and maintenance										
Lafleur de la Capitale Inc	20	20	1	19	4	4	3	4	4	
City of Ottawa	17	17	6	11			1			10
	37	*37*	*7*	*30*	*4*	*4*	*4*	*4*	*4*	*10*
Subtotal	6,768	6,768	887	5,881	2,634	1,636	571	447	437	156
Total purchases	45,748	40,311	15,043	25,268	6,223	4,277	2,119	1,727	1,398	9,524
Total capital assets and purchases	**62,590**	**55,206**	**21,358**	**33,848**	**8,340**	**6,089**	**3,517**	**2,289**	**1,699**	**11,914**
Operating leases—										
Environment—										
Capilano Indian Reserve No. 5 of Vancouver, BC										
Lease of land	*385*	*385*	*147*	*238*	*8*	*8*	*8*	*8*	*8*	*198*
Foreign Affairs and International Trade—										
1251 Americas Associates										
Chancery, New York	17	17	2	15	2	3	3	3	3	1
Main Business Administration for Services to the Diplomatic Corps (GlavUpDK)										
Chancery, Moscow	195	195	18	177	4	4	5	5	5	154

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2013	2014	2015	2016	2017	2018 and subse-quently
Real Estate Investment Fund North Tower										
Chancery, Sao Paulo	33	33	18	15	3	3	3	3	3	
Shanghai JingAn Century Property Developments Co Ltd										
Chancery, Shanghai	11	11	1	10	2	2	2	2	2	
Spanish Space Tower, S.A.U.										
Chancery, Madrid	35	35	6	29	2	2	2	2	2	19
The HongKong Land Property Company Limited										
Chancery, Hong Kong	32	32	7	25	8	8	9			
The Wilton Co-ownership										
Chancery, Dublin	18	18	2	16	1	1	1	1	1	11
Tower Plaza Associates, New York										
Chancery, New York	33	33	22	11	1	2	2	2	2	2
	374	*374*	*76*	*298*	*23*	*25*	*27*	*18*	*18*	*187*
Public Safety and Emergency Preparedness—										
Canada Border Services Agency—										
Corbel Management Corporation										
Welfare management services	*20*	*20*	*3*	*17*	*3*	*3*	*4*	*4*	*3*	
Public Works and Government Services—										
1001 Dominion Square Management Inc										
1255 Peel Street, Montréal, Que	16	16	6	10	1	2	1	2	2	2
1166 Equities Inc										
1166 West Pender Street, Vancouver, BC	34	34	6	28	6	5	6	6	5	
1258898 Ontario Ltd, Multivesco Inc										
400 Cumberland Street, Ottawa, Ont	55	55	38	17	5	5	6	1		
160 Elgin Portfolio Inc and 160 Elgin Bailholds Inc										
Bell Canada Place	55	55	26	29	5	5	6	6	6	1
25 Nicholas Properties Ltd										
The Albion Executive Tower, Ottawa, Ont	35	35	9	26	2	3	4	4	4	9
360 Laurier Avenue West Limited										
Narono Building	22	22	9	13	2	2	2	2	3	2
3934381 Canada Inc										
1138 Melville Street, Vancouver, BC	108	72	10	62	7	7	7	7	8	26
74 Victoria Street and 137 Yonge Street Holdings Limited										
74 Victoria Street, Toronto, Ont	23	23	11	12	6	6				
BCIMC Realty Corporation										
100 Colonnade Road, Ottawa, Ont	15	15		15	2	1	1	2	1	8
130 Colonnade Road, Ottawa, Ont	26	26		26	3	2	2	3	3	13
BGV III Office Ottawa Inc										
2215 Gladwin Crescent, Ottawa, Ont	27	27	13	14	4	4	4	2		
Bona Building & Management Company Ltd										
Vanier Building, Ottawa, Ont	43	43	20	23	4	4	5	4	5	1
Brookfield Properties Management BPO Ltd and Crehoy Inc										
Place de Ville, Towers A and B, Ottawa, Ont	58	58	38	20	13	7				
Place de Ville, Tower C and Podium Ottawa, Ont	99	99	65	34	21	13				
Canadian Forces Central Fund, Queensway Corporate Campus										
4200 Labelle Street, Ottawa, Ont	18	14	1	13	2	2	2	2	2	3
Capital City Shopping Center Limited										
Billings Bridge Plaza, Ottawa, Ont	21	13		13	3	2	3	3	2	
Carling Business Centre										
1451 Coldrey Avenue & 1550 Carling Avenue, Ottawa, Ont	28	28	3	25	3	3	3	2	3	11
Dundeal Canada Limited Partnership										
Gallery Building, Yellowknife, NWT	39	39		39	4	4	4	4	4	19

TABLE 11.3
TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
Farhi Holdings Corporation										
1161 Crawford Drive, Peterborough, Ont	11	11		11	1	1	1	1	1	6
Fortis Properties Corporation										
Blue Cross Centre, Moncton, NB	13	13	2	11	2	1	2	1	2	3
GE Canada Real Estate Equity Holding Company										
25 Fitzgerald Road, Ottawa, Ont	16	16	5	11	4	4	3			
Richelieu Building, Gatineau, Que	24	14	4	10		3	3	2	2	
GWL Realty Advisors Inc										
2001 University Street, Montréal, Que	17	17	6	11	1	2	2	2	2	2
Hantom Holdings Inc										
Urbandale Building, Ottawa, Ont	20	12	1	11	2	2	2	3	2	
HREIT Holdings 59 Corporation										
280 Broadway Avenue, Winnipeg, Man	19	19	5	14	2	2	2	2	2	4
Ivanhoe Cambridge II Inc										
4720 Kingsway, Burnaby, BC	26	26	3	23	2	2	2	3	3	11
Kanata Research Park Corporation										
340 Legget Drive, Ottawa, Ont	13	13	3	10	1	1	1	1	2	4
Minto Commercial Properties Inc										
180 Kent Street, Ottawa, Ont	45	45	11	34	4	4	5	5	5	11
Morguard Investments Limited in trust										
Heritage Place, Ottawa, Ont	45	45	22	23	4	5	4	5	5	
Standard Life Centre, 280 Slater Street, Ottawa, Ont	66	66		66		4	6	6	6	44
Standard Life Centre, 333 Laurier Avenue, Ottawa, Ont	29	29	2	27	5	6	6	6	4	
Morguard Investments Limited in trust for Hoop Realty Inc and Morguard REIT										
Standard Life Centre, 333 Laurier Avenue, Ottawa, Ont	31	31	11	20	3	3	3	4	3	4
National Capital Commission, DEL Management Solutions Inc										
The Chambers Building, Ottawa, Ont	24	24	1	23	3	3	2	1	3	11
Omers Realty Corporation and CPP Investment Board Real Estate Holdings Inc										
Constitution Square, Ottawa, Ont	95	95	4	91	9	9	9	9	10	45
Orlando Corporation										
5800 Hurontario Street, Mississauga, Ont	78	78	57	21	6	6	6	3		
Ottawa—2200 Walkley Road Inc										
2200 Walkley Road, Ottawa, Ont	23	15	1	14	1	2	1	1	2	7
Ottawa Train Yards JV Ltd, Controlex Corporation and Arnon Corporation										
395 Terminal Avenue, Ottawa, Ont	62	62		62	1	4	4	4	4	45
Pacific Centre Leaseholds Limited										
701 Georgia Street West, Vancouver, BC	32	32	9	23	3	3	3	3	3	8
Pensionfund Realty Limited										
250 Albert Street, Ottawa, Ont	54	54	18	36	5	2	3	6	6	14
99 Metcalfe Street, Ottawa, Ont	39	39	3	36	4	4	4	4	4	16
Camelot Court, Ottawa, Ont	20	20	9	11	3		3	3	2	
Place Bonaventure Property Management Inc										
800 de la Gauchetière Street West, Montreal, Que	17	17	6	11	1	2	2	2	2	2
Protos Development (Kirkland Lake) Inc										
8 Oakes Avenue, Kirkland Lake, Ont	15	15		15	2	1	2	1	2	7
Robert Vocisano in trust, c/o Bona Building and Management Company Ltd										
Coventry Square, Ottawa, Ont	70	51	33	18	3	4	3	4	4	
Saskpen Properties Ltd c/o Harvard Developments Inc										
1870 Hamilton Street, Regina, Sask	26	26		26		2	3	2	3	16

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Continued*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subse-quently
Société en commandite Montcalm										
200 Montcalm Street, Gatineau, Que	51	51		51	3	3	3	3	4	35
Station Lands Ltd										
Epcor Tower, Edmonton, Alta.	75	75	4	71	7	8	7	8	7	34
Sun Life Assurance Company of Canada										
99 Bank Street, Ottawa, Ont	11	11		11	1	1	1	1	1	6
Telesat Canada and Pensionfund Realty Limited										
Telesat Building, Ottawa, Ont.	19	19	5	14	2	2	2	2	2	4
The Cadillac Fairview Corporation Limited										
635, 8th Avenue South West, Calgary, Alta...	12	12		12		2	2	2	3	3
Sir Richard Scott Building, Ottawa, Ont	11	11		11	1	3	3	3	1	
The Professional Institute Building Trust Fund										
National Office Corporation, Ottawa, Ont....	22	14	1	13	2	3	3	3	2	
The Standard Life Assurance Company of Canada										
Qualicum Towers A and C, Ottawa, Ont	27	27	15	12	3	3	3	3		
Toronto—5001 Yonge Street Inc										
5001 Yonge Street, Toronto, Ont	35	35		35		8	9	9	9	
Urbandale Corporation										
Urbandale Building, Ottawa, Ont	22	22	8	14	2	2	3	2	2	3
Whiterock 219 Laurier Avenue										
Canadian Building, Ottawa, Ont.	23	23	3	20	5	5	3	4	2	1
WPBI Property Management Inc										
Bonaventure Place, Montréal, Que..........	47	47	29	18	3	3	1	3	3	5
Z.V. Holdings Corporation										
2 Constellation Crescent, Ottawa, Ont.......	26	26	14	12	3	3	2	3	1	
	2,033	*1,932*	*550*	*1,382*	*197*	*205*	*185*	*180*	*169*	*446*
Subtotal	2,812	2,711	776	1,935	231	241	224	210	198	831
Consolidated Crown Corporations and Other Entities—										
Atomic Energy of Canada Limited—										
Rental properties	*16*	*16*		*16*	*3*	*3*	*2*	*2*	*2*	*4*
Canada Council for the Arts—										
Office accommodation....................	*101*	*101*		*101*	*5*	*4*	*5*	*4*	*5*	*78*
Canadian Air Transport Security Authority—										
Sun Life Assurance Company of Canada	*29*	*29*	*4*	*25*	*4*	*5*	*4*	*5*	*4*	*3*
Canadian Broadcasting Corporation—										
Morguard..............................	*148*	*148*	*51*	*97*	*6*	*7*	*8*	*8*	*8*	*60*
Canadian Commercial Corporation—										
Office space	*20*	*20*	*3*	*17*	*2*	*2*	*2*	*2*	*2*	*7*
Canadian Museum of Immigration at Pier 21—										
Rent of 1055 Marginal Road, Halifax, NS....	*50*	*50*	*1*	*49*	*1*	*1*	*1*	*1*	*1*	*44*
Marine Atlantic Inc.—										
Five-year charter agreement for a passenger and freight ferry										
MV Atlantic Vision	103	103	72	31	19	12				
MV Blue Puttees	65	65	20	45	12	12	12	9		
MV Highlanders.......................	56	56	15	41	11	11	10	9		
	224	*224*	*107*	*117*	*42*	*35*	*22*	*18*		
National Capital Commission—										
Chambers Building, Ottawa, Ont	*195*	*195*	*114*	*81*	*9*	*9*	*10*	*10*	*11*	*32*

TABLE 11.3

TRANSFER PAYMENT AGREEMENTS, CAPITAL ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 2012—*Concluded*

(in millions of dollars)

					Outstanding obligations to be disbursed by March 31					
	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	2013	2014	2015	2016	2017	2018 and subsequently
VIA Rail Canada Inc.—										
Canadian National Railways										
Central Station	103	103	66	37	5	5	5	6	6	10
City of Toronto										
Union Station	189	189	28	161	3	3	3	3	3	146
IBM Canada Ltd										
VIAnet Service Agreement	37	37	27	10	4	4	2			
	329	*329*	*121*	*208*	*12*	*12*	*10*	*9*	*9*	*156*
Subtotal	1,112	1,112	401	711	84	78	64	59	42	384
Total operating leases	**3,924**	**3,823**	**1,177**	**2,646**	**315**	**319**	**288**	**269**	**240**	**1,215**
Grand total	**126,247**	**118,736**	**55,233**	**63,503**	**22,407**	**13,219**	**6,765**	**4,527**	**2,787**	**13,798**

(1) During the year, Canada Mortgage and Housing Corporation—Minister's Account was reclassified from a consolidated Crown corporation to an enterprise Crown corporation. Consequently, the contractual obligations for transfer payments of the Government regarding the Social Housing Program are now presented in Section 9 of this volume.

(2) The amounts shown relate to a future capital lease obligation.

(3) The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

International Contractual Obligations

Table 11.4 summarizes the international contractual obligations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary transfer payments, loans and advances and contractual obligations.

International contractual obligations reported in this table include transfer payments, loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2012.

Table 11.4 presents information that is summarized in Note 15 to the consolidated financial statements in Section 2 of this volume.

TABLE 11.4
INTERNATIONAL CONTRACTUAL OBLIGATIONS

(in millions of dollars)(1)

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
NON-BUDGETARY SHARE CAPITAL AND LOANS—				
Finance—				
International Development Association		*883*		*883*
Foreign Affairs and International Trade—				
Canadian International Development Agency—				
African Development Bank			84	84
Asian Development Bank			107	107
Caribbean Development Bank			17	17
Inter-American Development Bank			54	54
			262	*262*
		883	*262*	*1,145*
BUDGETARY TRANSFER PAYMENTS, LOANS AND ADVANCES—				
Environment—				
Center for Clean Air Policy—Fast Start	3			3
United Nations Environment Program—Water resources	1			1
United Nations Foundation—Fast Start	1			1
United Nations Framework Convention on Climate Change	1			1
University Corporation for Atmospheric Research	1			1
	7			*7*
Finance—				
African Development Fund	416			416
International Development Association	1,135			1,135
	1,551			*1,551*
Foreign Affairs and International Trade—				
Canadian International Development Agency—				
African Development Fund		217		217
Asian Development Fund		48		48
Caribbean Development Bank—Special		18		18
Global Environment Facility Fund		140		140
Inter-American Development Bank		50		50
International Bank for Reconstruction and Development		100		100
International Fund for Agricultural Development		38		38
Fragile Countries and Crisis-Affected Communities	122			122
Global Engagement and Strategic Policy	197			197
Low-Income Countries	954			954
Middle-Income Countries	157			157
	1,430	*611*		*2,041*
	2,988	*611*		*3,599*
Total	2,988	1,494	262	4,744

Note: Canada has agreed to lend the Poverty Reduction and Growth Trust special drawing rights (SDR) 1.2 billion of which SDR 700 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million, of which SDR 190 million has been paid-in.

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2012 (1$USD = $0.9975 CAD; 1SDR = $1.5452 CAD; 1 EUR = $1.3304 CAD).

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. Contingent liabilities are recorded in the accounts when it becomes likely that a payment will be made and the amount of that payment can be reasonably estimated. The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, environmental liabilities, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 "Contingent Liabilities of Consolidated Crown Corporations and Other Entities" in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.8 "Contingent Liabilities of Enterprise Crown Corporations and other Government Business Enterprises" in Section 9 of this volume.

Guarantees

Guarantees provided by the Government include:

- guarantees on the borrowings of enterprise Crown corporations and other government business enterprises;
- loan guarantees;
- insurance programs managed by the Government; and
- other explicit guarantees.

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.5 lists the outstanding guarantees and is summarized in Note 16 to the consolidated financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.5 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

TABLE 11.5
GUARANTEES PROVIDED BY THE GOVERNMENT AS AT MARCH 31, 2012

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Guaranteed borrowings of enterprise Crown corporations and other government business enterprises—		
Agent enterprise Crown corporations		242,328[1]
Non-agent enterprise Crown corporations and other government business enterprises—		
Canadian Wheat Board, The		1,859
Total—Guaranteed borrowings		244,187
Other guarantees provided by the Government—		
Loan guarantees—		
Agriculture and Agri-Food—		
Advance Payments Program—*Agricultural Marketing Programs Act*	5,000	1,047
Farm Improvement Loans Act (FILA) and *Canadian Agricultural Loans Act (CALA)*	3,000	104
Human Resources and Skills Development—		
Canada Student Loans Act	10,782	25
Indian Affairs and Northern Development—		
Indian Economic Development Guarantee Program	60	1
On-Reserve Housing Guarantee Program:	2,200	
Canada Mortgage and Housing Corporation		1,295
Other approved lenders		525
Industry—		
Enterprise Development Program	1,200	[2]
Regional Aircraft Credit Facility	1,500	130
Small Business Loans Act (SBLA)	1,838	[2]
Canada Small Business Financing Act (CSBFA)	1,790	704
Capital Leasing Pilot Project	16	1
Total—Loan guarantees	27,386	3,832

TABLE 11.5
GUARANTEES PROVIDED BY THE GOVERNMENT AS AT MARCH 31, 2012—*Concluded*

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Insurance programs managed by the Government—		
Foreign Affairs and International Trade—		
Accounts administered for the Government by Export Development Canada	20,000	239
Finance—		
Mortgage insurance:	250,000	
Genworth Financial Mortgage Insurance Company of Canada		990
Canada Guaranty Mortgage Insurance Company		108
Canadian Nuclear Safety Commission—		
Nuclear Liability Reinsurance Account	1,050	582
Total—Insurance programs managed by the Government	271,050	1,919
Other explicit guarantees—		
Agriculture and Agri-Food—		
National Biomass Ethanol Program	140	25
Price Pooling Program—*Agricultural Marketing Programs Act*		7
Finance—		
Obligations to The Canadian Wheat Board under the Agri-Food Credit Facility (ACF) and the Credit Grain Sales Program (CGSP)		225
Atomic Energy of Canada Limited—		
Performance guarantees and liquidated damages		210
VIA Rail Canada Inc.—		
Letters of credit		29
Total—Other explicit guarantees	140	496
Total—Gross guarantees	298,576	250,434
Less: allowance for guarantees		506
NET EXPOSURE UNDER GUARANTEES		249,928

Note: This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 16 to the consolidated financial statements in Section 2 of this volume and additional information is provided in Table 11.7 of this section.

(1) Details can be found in Table 9.6 in Section 9 of this volume.

(2) Less than $500,000.

Advance Payments Program—*Agricultural Marketing Programs Act*

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced and/or that is in storage. The maximum cash advance of the program is $0.4 million and the loans generally have a repayment term of 18 months.

Farm Improvement Loans Act and *Canadian Agricultural Loans Act*

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* (FIMCLA) program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees 95 percent of the value of loans provided to farms and cooperatives by financial institutions. For individual applicants, including corporations, the maximum amount for a *Canadian Agricultural Loans Act* loan is $0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

Canada Student Loans Act

Student loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by Human Resources and Skills Development Canada (HRSDC) to the lenders. HRSDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower. In addition, HRSDC offers to borrowers experiencing financial difficulties, the possibility to register to the Repayment Assistance Plan (RAP).

Indian Economic Development Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indian Affairs and Northern Development.

On-Reserve Housing Guarantee Program

This program authorizes Indian Affairs and Northern Development Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

Enterprise Development Program

The Enterprise Development Program (EDP) was established in 1977 to encourage the growth of the manufacturing and processing sectors of Canadian industry by improving their viability and international competitiveness. One method of assistance was to provide insurance, of up to 90 percent, to support term loans made by private lenders to restructure operations or supplement working capital when normal financing was not available on reasonable terms.

The program required insured lenders to take reasonable fixed asset security, and provide loans at normal commercial interest rates and terms. The insured lenders were paid 90 percent of the losses sustained by them, after realizing on the security when a company defaulted. The program was closed in the mid-eighties as part of Program Review.

Regional Aircraft Credit Facility

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian-built fixed-wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

Small Business Loans Act and *Canada Small Business Financing Act*

The *Small Business Loans Act* (SBLA) includes loans registered until March 31, 1999 and the *Canada Small Business Financing Act* (CSBFA) includes both the core loans component (loans registered since April 1, 1999) and the Capital Leasing Pilot Project (leases registered between April 1, 2002 and March 31, 2007). In collaboration with financial institutions, the programs offered under these Acts are designed to help Canadian small and medium-sized enterprises (SMEs) get access to loan and capital leasing financing that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan or lease defaults, the Government pays 85 percent of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding $5 million per year.

Accounts administered for the Government by Export Development Canada (EDC)

The Government of Canada has authorized support for insurance and guarantee programs which on the basis of EDC's risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

Mortgage Insurance

The Department of Finance guarantees loans insured by the Genworth Financial Mortgage Insurance Company Canada, the Canada Guaranty Mortgage Insurance Company and PMI Mortgage Insurance Company Canada. The maximum amount of guarantees that can be provided to eligible private sector insurers can not exceed a value of $250,000 million. Each eligible private sector insurer is required to pay a quarterly risk premium to the Government and maintain a minimum reserve fund to offset losses.

Nuclear Liability Reinsurance Account

Under the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to possess basic and/or supplementary insurance of $75 million per installation for specified liabilities. The federal government has designated the Nuclear Insurance Association of Canada (NIAC) as the sole provider of third-party liability insurance and property insurance for the nuclear industry in Canada. The NIAC provides insurance to nuclear operators under a standard policy.

The policy consists of two types of coverage: Coverage A and Coverage B. Coverage A includes only those risks that are accepted by the insurer; that is, bodily injury and property damage. Coverage B risks include personal injury that is not bodily; for example, psychological injury, damage arising from normal emissions, and damage due to acts of terrorism.

The NIAC receives premiums from operators for both coverages; however, premiums for Coverage B risks are remitted to the federal government, which reinsures these risks under its reinsurance agreement with the NIAC. Through the reinsurance agreement, the federal government assumes the liability associated with the difference between the basic insurance coverage provided by the NIAC and the full $75 million of liability imposed by the *NLA*, as well as for events listed under coverage B.

The Canadian Nuclear Safety Commission (CNSC) administers the Nuclear Liability Reinsurance Account on behalf of the federal government. The CNSC receives the premiums, paid by the operators of nuclear installations, for the supplementary insurance coverage and credits these to the Nuclear Liability Reinsurance Account in the Consolidated Revenue Fund.

National Biomass Ethanol Program

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program (NBEP). The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by Farm Credit Canada.

Price Pooling Program—*Agricultural Marketing Programs Act*

The Price Pooling Program (PPP) provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

Obligations to the Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program

The Department of Finance manages guarantees to The Canadian Wheat Board for the repayment of the principal and interest of all receivables resulting from sales made under the Credit Grain Sale Program and a portion of credit sales made under the Agri-Food Credit Facility.

Performance guarantees and liquidated damages

In line with normal industry practice, Atomic Energy of Canada Limited (AECL) utilizes letters of credit, surety bonds and other performance guarantees on major contracts. Such guarantees may include guarantees that a project will be completed or that a project or particular equipment will meet defined performance criteria. Liquidated damages are provided for in contracts and provide for compensation to be paid upon a specific breach of that contract (e.g. late performance). In the normal course of business, AECL also guarantees that certain projects will be completed within a specified time and may bear responsibility for liquidated damages should obligations not be met.

Letters of credit

VIA Rail Canada Inc. has issued letters of credit to various provincial government workers' compensation boards as security for future payment streams.

International Organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.6 details the contingent liabilities for international organizations and is summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

TABLE 11.6

INTERNATIONAL ORGANIZATIONS
CONTINGENT LIABILITIES

(in millions of dollars)(1)

	March 31/ 2012	March 31/ 2011
NON-BUDGETARY SHARE CAPITAL AND LOANS—		
Callable Share Capital—		
Finance—		
European Bank for Reconstruction and Development	1,075	689
International Bank for Reconstruction and Development (World Bank)	5,951	4,915
Multilateral Investment Guarantee Agency	46	44
	7,072	*5,648*
Foreign Affairs and International Trade—		
Canadian International Development Agency—		
African Development Bank	3,568	5,845
Asian Development Bank	6,403	6,240
Caribbean Development Bank	122	119
Inter-American Development Bank	7,886	7,627
	17,979	*19,831*
Total	25,051	25,479

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2012 (1$USD = $0.9975 CAD; 1SDR = $1.5452 CAD; 1 EUR = $1.3304 CAD).

Environmental Liabilities

Remediation of Contaminated Sites

Based on management's best estimates, a liability for the estimated costs related to the remediation of contaminated sites is accrued when the contamination occurs, or when the Government becomes aware of the contamination, and is obligated or likely obligated to incur such costs. As at March 31, 2012, the Government has recorded a liability of $4,773 million for approximately 2,400 sites ($4,354 million in 2011 for approximately 2,200 sites).

The Government has estimated possible additional clean-up costs of $1,057 million ($1,044 million in 2011) that are not accrued as these are undeterminable at this time. The change in contingent liabilities related to contaminated sites is due to the additional information gathered during the year which enabled the potential liability for certain sites to be more accurately estimated.

Future Asset Restoration

Based on management's best estimates, a liability of $4 million ($16 million in 2011) has been recorded for likely management and clearance action on approximately 43 unexploded explosive ordnance (UXO) affected sites (42 affected sites in 2011). Management has estimated possible additional clearance costs ranging from $180 million to $524 million that are not accrued as these are undeterminable at this time.

The Government's ongoing efforts to assess contaminated sites and UXO affected sites may result in additional liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These adjustments will be accrued in the year in which they become known.

Claims and Pending and Threatened Litigation

Please refer to Note 16 to the consolidated financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

Insurance Programs of Agent Enterprise Crown Corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, and Export Development Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all three corporations will cover the cost of both current claims and possible future claims.

Information presented in Table 11.7 has not been audited since the information presented therein is derived from interim financial statements. Additional financial information relating to these corporations may be found in the quarterly *Inventory of Government of Canada Organizations*. Information contained in Table 11.7 is also summarized in Note 16 to the consolidated financial statements in Section 2 of this volume.

TABLE 11.7

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 2012

(in millions of dollars)

	Canada Deposit Insurance Corporation(1)		Canada Mortgage and Housing Corporation(2)				Export Development Canada(3)	
			Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund			
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Insurance in force as at reporting date	621,882	603,842	569,600	519,600	372,776	325,662	25,611	23,964
Opening balance of Fund	1,113	857	9,402	8,200	794	976	(3)	(3)
Revenues for the period—								
Premiums and fees	224	253	1,798	1,749	248	221	232	219
Investment income	40	34	808	762	1,829	2,129		
Other revenues			8	6	4	4		
Total revenues	264	287	2,614	2,517	2,081	2,354	232	219
Expenses for the period—								
Loss on/provision for claims			533	470			223	26
Interest on borrowing			3	1	1,729	1,777		
Administrative expense	31	29	201	196	14	13		
Other expenses (includes taxes)	54	2	485	507	97	154		
Total expenses	85	31	1,222	1,174	1,840	1,944	223	26
Net income or (loss) for the period	179	256	1,392	1,343	241	410	9	193
Adjustments			(118)	1	(6)			
Closing balance of Fund	1,292	1,113	10,676	9,544	1,029	1,386	(3)	(3)
Net claims during the period (4)			617	719	*	*	19	75
Five year average of net claims paid			483	425	*	*	90	92

*Not applicable.

(1) The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to $100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

(2) Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.

The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as $1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as $1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of $213,251 million ($199,238 million in 2011) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

(3) Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is $647 million ($477 million in 2011).

(4) Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

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SECTION 12

2011-2012

PUBLIC ACCOUNTS OF CANADA

Index

INDEX

A

- Abandonment reserve fund—Canada Hibernia Holding Corporation, 6.35, 6.37
- Accountable advances, miscellaneous, 9.31, 9.33
- Accounting for expenses, 3.8
- Accounting for revenues, 3.3
- Accounts administered for the Government by Export Development Canada (EDC), 11.31, 11.32
- Accounts payable, 5.3
  - and accrued liabilities, 1.12, 1.17, 2.6, 5.2
    - by category, 1.12, 5.2
    - change in, 1.19, 2.8
    - other, 1.17, 2.6, 5.2, 5.3, 5.6
- ACCOUNTS PAYABLE AND ACCRUED LIABILITIES, 5
- Accounts receivable of consolidated Crown corporations and other entities, 7.4
- Accrued benefit obligation, 2.21
- Accrued salaries and benefits, 5.3
- Accumulated deficit, 1.9, 1.17, 2.6, 2.15
  - at beginning of year, 1.16, 2.5, 3.3
  - at end of year, 1.16, 2.5, 3.3
  - detailed consolidated statement of operations and, 1.16
- Accumulated other comprehensive income, 2.16
- ACQUISITION OF LAND, BUILDINGS AND WORKS, *see Volume III, Section 4*
- ACQUISITION OF MACHINERY AND EQUIPMENT, *see Volume III, Section 5*
- Actuarial valuations, 6.20
  - and assumptions, 2.21
- Administered accounts, 6.37, 6.40
- Advance account—Telefilm Canada, 6.41, 6.46
- Advance Payments Program—Agricultural Marketing Programs Act, 11.30, 11.31
- African Development Bank, 9.24, 9.25, 9.26
- African Development Fund, 5.4, 9.25
- Aging of other accounts receivable, 7.4
- Aging of taxes receivable, 7.3
- Agricultural Commodities Stabilization Accounts, 4.10, 4.12
- Agricultural Marketing Programs Act—
  - Advance Payments Program, 11.30, 11.31
  - Price Pooling Program, 11.31, 11.33
- AgriInvest Program, 6.41, 6.45
- AgriStability Program, 6.41, 6.46
- Air travellers security charge, 3.4
- Allowance for guarantees, 1.17, 2.6, 5.2, 5.14
- Allowance for pension adjustments, 6.2, 6.21, 6.30
- Allowance for valuation, 1.20, 9.3, 9.40
- Amount expected to be repaid from future appropriations, 1.20, 9.5
- Andean Development Corporation, 9.25
- Annual deficit, 2.5, 2.7, 2.8, 3.3
- Annual surplus or deficit, 1.5, 1.16, 1.18, 1.19
- Annuities agents' pension account, 6.41, 6.45
- Armed services, Estates, 6.36, 6.40
- Asian Development Bank, 5.4, 9.24, 9.26
  - Special, 9.25
- Asian Development Fund, 5.4, 9.25
- Assessed taxes under objection or appeal, 2.34
- Assets under capital leases, 10.2, 10.6
  - by main category, 10.6
- Atomic Energy of Canada Limited, 3.7
  - (nuclear facility decommissioning), 5.12

A—*Concluded*

- Auditor General of Canada Report on the Consolidated Financial Statements of the Government of Canada, 2.4
- Authorities available from previous years, *see Volume II, Section 1*
- Authorities for the spending of proceeds from the disposal of surplus Crown assets, *see Volume II, Section 1*
- Authorities granted by statutes other than Appropriation Acts, *see Volume II, Section 1*
- Authorities granted in current year Appropriation Acts, *see Volume II, Section 1*
- Aviation gasoline and diesel fuel, Excise tax, 3.4

B

- Basis of accounting, 2.9
- Benefit trust fund, 6.36, 6.40
- Bonds for Canada Pension Plan, 1.17, 1.21, 6.2, 6.7
- Borrowing authorities, 2.13
- Borrowings by consolidated agent Crown corporations, 4.8
- Borrowings by enterprise Crown corporations and other Government Business Enterprises, 9.14
- Borrowings of enterprise Crown corporations designated as agents of Her Majesty, 6.11
- Budgetary balance, The, 1.5
- Business Development Bank of Canada, 1.20, 9.5, 9.6

C

- Canada bills, 6.2, 6.7
  - before revaluation, 6.7
- Canada Development Investment Corporation, Holdback—Privatization, 6.35, 6.37
- Canada Foundation account, 6.42, 6.47
- Canada Hibernia Holding Corporation, Abandonment reserve fund, 6.35, 6.37
- Canada Investment Fund for Africa, 9.18, 9.19
- Canada Labour Code—
  - Other, 6.35, 6.37
  - Wage recovery appeals, 6.35, 6.37
- Canada Lands Company Limited, 9.5, 9.6
- Canada Millennium Scholarship Foundation Excellence Awards, 6.42, 6.47
- Canada Mortgage and Housing Corporation, 1.20, 9.5, 9.7
- Canada Pension Plan, 6.33
  - bonds for, 1.17, 1.21, 6.2, 6.7
  - due to, 1.17, 1.20, 2.23, 6.2, 6.33
  - supplementary statement, 6.52
- Canada Pension Plan Investment Board, 9.18
  - transfers to, 6.33
- Canada Premium Bonds, 6.6
- Canada/Provinces Business Service Centre, 6.43, 6.49
- Canada's Economic Action Plan, 1.4
  - Results achieved, 1.4
  - The Stimulus Phase of, 1.4
- Canada savings and Canada premium bonds, *see Retail debt*
- Canada Savings Bonds, 6.6
- Canada Small Business Financing Act, 11.30, 11.32
- Canada Student Loans Act, 11.30, 11.32
- Canada Student Loans Program, 9.32, 9.36
- Canadian Agricultural Loans Act, Farm Improvement Loans Act and, 11.30, 11.31

C—*Continued*

- Canadian Centre for Occupational Health and Safety—
  - Donations, 5.7, 5.9
- Canadian Commercial Bank, 9.31, 9.34
  - and Northland Bank Holdback Account, 4.11, 4.13
- Canadian currency borrowings,
  - Issuance of, 1.19, 2.8
  - Repayment of, 1.19, 2.8
- Canadian currency—Cash in bank, 7.2
- Canadian Dairy Commission, 9.5, 9.7
  - account, 6.35, 6.37
- Canadian Forces Pension Fund Account, 6.21, 6.22, 6.24
- Canadian Forces Superannuation Account, 6.21, 6.22, 6.24
- Canadian Institutes of Health Research—
  - Donations for research, 5.7, 5.9
  - Endowments for health research, 5.8, 5.10
- Canadian producers of frozen groundfish, 9.31, 9.34
- Candidates' and committees' deposits—
  - Election and referendum, 6.36, 6.38
- Capital assets and purchases, 11.16
- Capital assets, purchases and operating leases,
  - Transfer payment agreements, 11.3
- Capital investment activities, 1.19, 2.8
- Capital leases, 6.12
- Capital subscriptions, 9.24
- Caribbean Development Bank, 9.24, 9.27
  - Agricultural Development Fund, 9.25
  - Commonwealth Caribbean Regional, 9.25
  - Special, 5.4, 9.25
- Cash,
  - and accounts receivable, 1.17, 2.6, 7.2
    - interest on bank deposits, 3.7
  - and cash equivalents, 1.17, 2.6, 2.10, 2.23, 7.2
    - at beginning of year, 1.19, 2.8
    - at end of year, 1.19, 1.21, 2.8
      - in Canadian currency, 1.21
      - in foreign currencies, 1.21
  - items not affecting, 1.19, 2.8
  - net increase or decrease in, 1.19, 2.8
  - provided or used by,
    - capital investment activities, 1.19, 2.8
    - financing activities, 1.19, 2.8
    - investing activities, 1.19, 2.8
    - operating activities, 1.19, 2.8
  - used for interest, 2.8
- CASH AND ACCOUNTS RECEIVABLE, 7
- Cash flow, 1.14
  - Consolidated Statement of, 1.19
- Cash in bank, 7.2
  - Canadian currency, 7.2
  - Foreign currencies, 7.2
  - Special deposits, 7.2
- Cash in hands of collectors and in transit, 7.2
- Cash in transit, 7.2
- Central American Bank for Economic Integration, 9.25
- Change due to,
  - inventories, 1.18, 2.7
  - prepaid expenses, 1.18, 2.7
  - tangible capital assets, 1.18, 2.7
- Change in,
  - accounts payable and accrued liabilities, 2.8
  - accrued benefit obligation and market related value of pension investments, 2.21
  - foreign exchange accounts, 1.19, 2.10
  - net debt during the year, 1.18, 2.7
  - pension and other future benefits, 1.19, 2.8
  - taxes receivable, 1.19, 2.8

C—*Continued*

- Changes in liability for remediation of contaminated sites, 5.13
- Children's benefits, 1.16, 2.5
- Civil service insurance fund, 6.41, 6.44
- Claims and pending and threatened litigation, 2.34, 11.34
- Cleanup costs for environmental damage caused by Bowater, 4.11, 4.14
- Collaborative research projects,
  - Health, 6.42, 6.47
  - Public Health Agency of Canada, 6.42, 6.47
- Common school funds—Ontario and Quebec, 6.42, 6.46
- Commonwealth War Graves Commission, 9.32, 9.39
- Company stock option, 9.32, 9.38
- Comparative information, 2.12
- Comparison of actual results to budget projections, 1.8
- Comprehensive income, other, 1.16, 2.5, 2.7, 3.3
- Comprehensive Integrated Tax Coordination Agreement, 9.30
- Comprehensive land claims, 2.34
- CONSOLIDATED ACCOUNTS, 4
- Consolidated accounts, 3.7
- Consolidated Crown corporations, 3.6
- Consolidated Crown corporations and other entities, 2.25, 4.3
  - accounts receivable, 7.4
  - Atomic Energy of Canada Limited (nuclear facility decommissioning), 5.12
  - other cash, 7.2
  - others, 5.12
  - summary financial statements of, 4.3
- CONSOLIDATED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA AND REPORT AND OBSERVATIONS OF THE AUDITOR GENERAL OF CANADA, 2
- Consolidated specified purpose accounts, 4.10
  - interest, 3.12
  - other, 4.11, 4.13
- Consolidated statement of cash flow, 1.19, 2.8
- Consolidated statement of change in net debt, 1.18, 2.7
- Consolidated statement of financial position, 1.10, 2.6
  - detailed, 1.17
- Consolidated statement of foreign exchange, unmatured debt and cash transactions, detailed, 1.21
- Consolidated statement of non-budgetary transactions and of non-financial assets, detailed, 1.20
- Consolidated statement of operations and accumulated deficit, 2.5
  - detailed, 1.16
- Consolidated statement of revenues and expenses, *see Volume II, Section I*
- Consolidation adjustment, 5.3, 6.4, 6.5, 6.44, 9.32, 9.40
- Construction of multi-purpose exhibition buildings, 9.31, 9.33
- Contingent liabilities, 2.11, 2.33, 11.30
  - International Organizations, 11.34
  - of consolidated Crown corporations and other entities, 4.8
  - of enterprise Crown corporations and other Government Business Enterprises, 9.15
- Contractors' security deposits,
  - Bonds—Other departments and agencies, 6.36, 6.39
  - Cash—
    - Canadian Food Inspection Agency, 6.35, 6.37
    - Public Works and Government Services, 6.36, 6.39
    - Royal Canadian Mounted Police, 6.36, 6.39
  - Certified cheques—Agriculture and Agri-Food, 6.35, 6.37
- Contractual obligations, 2.33, 11.2
  - and contingent liabilities, 2.6, 11.2
  - of enterprise Crown corporations and other Government Business Enterprises, 9.16
  - Schedule of minimum payments, 11.2

C—*Concluded*

- CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES, 11
- Co-operative Housing Project, 9.18
- Corporate—Income tax revenues, 1.16, 2.5, 3.4, 5.11
- Corporate sponsorships and donations, 5.7, 5.10
- Council of Yukon First Nations—Elders, 9.32, 9.36
- Court Award Deposits—
  - Other than Environmental Damages Fund, 4.11, 4.13
- Courts Administration Service—
  - Security for costs, 6.35, 6.38
  - Special account, 6.43, 6.49
- Credit card—Special project fund, 6.44, 6.51
- Credit risk related to swap and foreign-exchange forward agreements, 2.31
- Crop Reinsurance Fund, 4.10, 4.12
- Cross-currency swap revaluation, 1.17, 1.21, 6.2, 6.8, 6.11
- Crown corporations, 3.6
  - other program expenses, 1.16, 2.5
  - other revenues, 1.16, 2.5, 3.6
- Crown corporations and other entities, 2.25
- Customs and excise, 5.11
- Customs duties receivable, 2.24, 7.3
- Customs import duties, 1.16, 2.5, 3.4, 3.5

D

- Defence Services Pension Continuation Act, 6.22
- Deferred revenues, 5.3, 5.7
  - Specified purpose accounts, other, 5.7
- Dependants' pension fund, 6.41, 6.45, 6.76
- Deposit accounts, 6.35
- Deposit and trust accounts, 6.2, 6.35
- Deposits/Disbursements—Worker's Compensation Board, 6.41, 6.46
- Deposits on disposals, 6.36, 6.39
- Derivative financial instruments, 2.30, 2.32
- Detailed consolidated statement of,
  - financial position, 1.17
  - foreign exchange, unmatured debt and cash transactions, 1.21
  - non-budgetary transactions and of non-financial assets, 1.20
  - operations and accumulated deficit, 1.16
- Details of obligation related to capital leases, 6.12
- Details of other program expenses of other ministries, *see Volume II, Section 1*
- Details of other transfer payments by ministry, *see Volume II, Section 1*
- Details of respendable amounts, *see related ministerial section in Volume II*
- Developing countries—International development assistance, 9.20, 9.22
- Development of export trade, 9.20
- Donation and bequest accounts, 5.7
- Donations—
  - Canadian Centre for Occupational Health and Safety, 5.7, 5.9
  - Indian Residential Schools Truth and Reconciliation Commission—National Events—Donations, 5.7, 5.9
  - Rideau Hall, 5.7, 5.9
- Donations for research, 5.7, 5.9
- Due to Canada Pension Plan, 1.17, 1.20, 2.23, 6.2

E

- Economic Action Plan, Canada's, 1.4
- Economic highlights, 1.3
- Election and referendum—Candidates' and committees' deposits, 6.36, 6.38
- Employment insurance benefits, 1.16, 2.5
- Employment Insurance Operating Account, 4.10, 4.12
  - supplementary statement, 4.15
  - transactions in the, 4.13
- Employment insurance premiums, 1.16, 2.5, 3.3, 3.5
- Endangered species—Donations, 5.7, 5.9
- Endowment interest accounts, 5.8
- Endowment principal, 4.11, 4.14
- Endowments for health research, 4.11, 4.14, 5.8, 5.10
- Energy taxes, 1.16, 2.5, 3.4, 3.5
- Enterprise Crown corporations and other government business enterprises, 1.17, 1.19, 1.20, 2.6, 2.8, 2.25, 9.3, 9.4, 9.5
  - borrowings by, 9.14
  - interest and other, 3.6
  - share of annual profit in, 1.20, 2.8, 3.6
- Enterprise Development Program, 11.30, 11.32
- Environmental damage caused by Bowater, Cleanup costs for, 4.11, 4.14
- Environmental Damages Fund, 4.11, 4.13
- Environmental liabilities, 1.17, 2.6, 2.11, 2.33, 5.2, 5.12, 11.34
- Environmental Studies Research Fund—
  - Indian Affairs and Northern Development, 4.11, 4.14
  - Natural Resources, 4.11, 4.14
- Equity Ownership, 9.18, 9.19
- Equity transactions, 1.19, 2.8
- Esso Ltd—Norman Wells Project profits, 3.7
- Estates—Armed services, 6.36, 6.40
- Estates fund, 6.37, 6.40
- European Bank for Reconstruction and Development, 9.24, 9.26
- Exchange Fund Account, 3.6
  - supplementary statement, 8.4
- Exchange valuation adjustment, 6.7
- Excise duties, 3.4
- Excise tax—
  - aviation gasoline and diesel fuel, 3.4
  - gasoline, 3.4
- Excise taxes and duties,
  - other, 1.16, 2.5, 3.4, 3.5
  - other miscellaneous, 3.4
  - receivable, 2.24, 7.3
- Expenditures under statutory authorities, 3.14
- Expenses, 1.6, 1.7, 1.16, 2.5, 2.9, 2.13, 3.3, 3.8
  - by object, 3.13
  - by segment, 2.14, 3.10
  - by type of resource used in operations, 2.14
  - compared to 2010-2011, 1.7
  - comparison of 2011-2012 Outcomes to June 2011 Budget, 1.9
  - comparison to June 2011 Budget Plan, 1.8
  - comparison to March 2012 Budget Plan, 1.8
  - composition of, 1.6
  - total, 1.8
- External expenses by segment and by type, 3.8

F

Fair value information, 2.31
Fair wages deposit account, 6.35, 6.38
Farm Credit Canada, 1.20, 9.5, 9.7
  Guarantee Loans Program, 9.32, 9.36
Farm Improvement Loans Act and Canadian Agricultural Loans Act, 11.30, 11.31
Federal/provincial agreement—Advance account, 6.41, 6.46
Federal/provincial collaborative agreement, 6.42, 6.47
Federal/provincial cost-sharing agreements, 6.42, 6.46
Federal-provincial fiscal arrangements, 9.29, 9.30
FEDERAL-PROVINCIAL SHARED-COST PROGRAMS, *see Volume III, Section 9*
Federal/provincial shared-cost project,
  Human Resources and Skills Development, 6.42, 6.48
  Interprovincial Computerized Examination Management System (ICEMS), 6.42, 6.48
Fees and charges, other, 3.6
Field British Columbia and Yukon Operations of the Northern Canada Power Commission, 6.35, 6.38
Financial activities, 1.19
Financial assets, 1.12, 1.17, 2.6
  and liabilities, 2.31
  by category, 1.12
Financial assistance to,
  Canadians abroad, 6.42, 6.47
  enterprise Crown corporations and other Government Business Enterprises, 9.17
Financial assistance under budgetary appropriations to consolidated Crown corporations, 4.9
Financial Consumer Agency of Canada—Advances, 9.31, 9.34
Financial highlights, 1.2, 1.5
Financial Instruments, 2.30
Financial position of consolidated Crown corporations and other entities—Assets, liabilities and equity, 4.4
Financial position of enterprise Crown corporations and other Government Business Enterprises—Assets, liabilities and equity, 9.10
FINANCIAL STATEMENTS DISCUSSION AND ANALYSIS, 1
Financial Statements Discussion and Analysis, 1.2
  discussion and analysis, 1.3
    accumulated deficit, 1.9
    economic highlights, 1.3
    risks and uncertainties, 1.15
    the budgetary balance, 1.5
    total expenses, 1.7
  glossary of terms, 1.22
  introduction, 1.2
    financial highlights, 1.2, 1.5
FINANCIAL STATEMENTS OF REVOLVING FUNDS, *see Volume III, Section 1*
Financing activities, 1.19, 2.8
Fines for the Transportation of Dangerous Goods, 4.11, 4.14
First Nations in British Columbia, 9.32, 9.37
Foreign claims fund, 6.42, 6.46
Foreign currencies borrowings,
  issuance of, 1.19, 2.8
  repayment of, 1.19, 2.8
Foreign currencies—Cash in bank, 7.2
Foreign currency risk and sensitivity analysis to foreign currency exposures, Managing, 2.31
Foreign currency translation, 2.11
FOREIGN EXCHANGE ACCOUNTS, 8
Foreign exchange accounts, 1.17, 1.21, 2.6, 2.10, 2.24, 8.2
  change in, 1.19, 2.8

F—*Concluded*

Foreign-exchange forward agreements, 2.30
Foreign exchange, net revenues, 1.16, 2.5, 3.6
  Exchange Fund Account, 3.6
  International Monetary Fund, 3.6
  other, 3.6
Foreign governments, 6.43, 6.49
Foreign Holdings of Government of Canada unmatured debt, 1.10
Foreign partners—Security, 6.43, 6.50
Francophone Summits, 6.44, 6.51
Funds from non-governmental organizations, 6.42, 6.47
Future asset restoration, 2.34, 11.34
  others, 5.12
  unexploded explosive ordnance affected sites, 5.12
Future benefit expense, 2.20
Future benefit liability, 2.19

G

Gasoline—Excise tax, 3.4
General security deposits, 6.36, 6.38
Global Environment Facility, 9.25, 9.27
  Trust Fund, 5.4, 9.25
Glossary of terms, 1.22
Goods and services tax, 1.16, 2.5, 3.4, 3.5, 5.11
  receivable, 2.24, 7.3
  sales of, 3.6
Government Annuities Account, 6.2, 6.34
  supplementary statement, 6.71
Government's cost of operations, 3.10
Government's holdings, 6.4, 6.5
  and securities held for the retirement of unmatured debt, 6.4
Greater Victoria Harbour Authority, 9.32, 9.39
Guarantee deposits—
  Canada Border Services Agency, 6.36, 6.38
  Canada Revenue Agency, 6.35, 6.37
  Fisheries and Oceans—Fish Habitat Preservation, 6.35, 6.37
  Indian Affairs and Northern Development, 6.35, 6.38
    oil and gas, 6.35, 6.38
    reserve resources, 6.35, 6.38
  Natural Resources—Oil and gas, 6.36, 6.38
Guarantees provided by the Government, 11.30
  contingent liabilities, 2.33

H

Haddock fishermen, 9.31, 9.34
Harmonized Sales Tax (HST) Transitional Assistance to British Columbia, 2.15
Health Insurance Supplementary Account, 4.10, 4.12
H.L. Holmes Fund, 4.11, 4.14, 5.8, 5.10, 9.32, 9.38
Hog Industry Loan Loss Reserve Program, 9.31, 9.33
Holdback—Privatization, Canada Development Investment Corporation, 6.35, 6.37

I

Immigrant investor program, 6.41, 6.46
Immigration guarantee fund, 6.36, 6.38
Immigration loans, 9.31, 9.34
Imprest account cheques, 7.2
Imprest accounts, standing advances and authorized loans, 9.31, 9.33
Income from securities in trust—Bankruptcy and Insolvency Act, 6.43, 6.49
Income tax revenues—
  corporate; non-resident; personal, 1.16, 2.5, 3.4
Income taxes receivable—
  corporations; employers; individuals; non-residents, 2.24, 7.3
Independent Auditor's Report, 2.4
Indian,
  band funds, 6.39
    capital accounts, 6.36, 6.39
    revenue accounts, 6.36, 6.39
    shares and certificates, 6.43, 6.48
  compensation funds, 6.43, 6.49
  economic development fund, 9.32, 9.37
  Economic Development Guarantee Loans Program, 9.32, 9.37, 11.30, 11.32
  estate accounts, 6.36, 6.40
  moneys suspense account, 6.43, 6.49
  Residential Schools Settlement Agreement—Common Experience Payments, 6.36, 6.39
  savings accounts, 6.36, 6.40
  special accounts, 6.43, 6.48
Inmates' trust fund, 6.36, 6.40
Insurance accounts, 4.10, 4.12
Insurance and death benefit accounts, 6.41
Insurance programs of agent enterprise Crown corporations, 2.34, 11.34
  Summary of, 11.35
Inter-American Development Bank, 9.24, 9.27
  Fund for Special Operations, 5.4, 9.25
Interest,
  accrued, 5.13
  and matured debt, 1.17, 2.6, 5.2, 5.13
  and other, 3.6
  and penalties—Miscellaneous, 3.6
  average effective rate on interest-bearing debt, 1.11
  due, 5.13
  expense, 2.21
  on bank deposits, 3.7
  paid to the Government, 9.7
  rates, market debt, 6.9
  ratio, 1.7
INTEREST-BEARING DEBT, 6
Interest-bearing debt, 1.10, 1.17, 2.6, 6.2
  average effective interest rate on, 1.11
  by category, 6.3
International Bank for Reconstruction and Development, 9.25
  (World Bank), 5.4, 9.24, 9.26
International contractual obligations, 11.29
International development assistance—Developing countries, 9.20, 9.22
International Development Association, 5.4, 9.25, 9.27
International Finance Corporation, 9.24, 9.26
  Financial Mechanism for Climate Change Facility, 9.25, 9.27
  Global Agriculture and Food Security Program, 9.25, 9.27
  Global Trade Liquidity Program, 9.25, 9.28
International financial institutions, 5.4, 9.25, 9.28
International Fund for Agriculture Development, 5.4, 9.25

I —*Concluded*

International Monetary Fund, 3.6, 9.25
  loans, 1.17, 1.21, 8.2, 8.3
  notes payable, 1.17, 1.21, 8.2, 8.3
  Poverty Reduction and Growth Trust, 9.25, 9.28
  special drawing rights allocations, and, 1.17, 1.21, 8.2, 8.3
  subscriptions, 1.17, 1.21, 8.2, 8.3
International organizations, 1.20, 2.33, 3.7, 9.3, 9.24, 11.34
  contingent liabilities, 11.34
International organizations and associations, 9.25, 9.28
International reserves held in the Exchange Fund Account, 1.17, 1.21, 8.2
Inuit Loan Fund, 9.32, 9.37
Inventories, 1.17, 1.20, 2.6, 10.2
  change due to, 1.18, 2.7
Investing activities, 1.19, 2.8
Investments, 1.20, 2.26, 9.5
  and accumulated profits/losses, 9.5
  capital, 1.20
  dividends, 1.20
  other comprehensive income or loss, 1.20
  share of annual profit, 1.20
  transition adjustment, 1.20
Investors' Indemnity Account, 4.10, 4.12

J

Joint Learning Program, 9.32, 9.39
Joint research and development projects—
  National Defence, 6.43, 6.50
  Royal Canadian Mounted Police, 6.43, 6.50
Judges Act, 6.22

L

Labour standards suspense account, 6.42, 6.48
Laurier House—Interest (Mackenzie King trust account), 5.8, 5.10
Lease and use of public property, 3.6
Letter of credit—Via Rail Canada Inc., 11.31, 11.33
Liabilities, 1.17, 2.6
  and financial assets, 2.31
Liability for pension and other future benefits, 1.11
Library and Archives of Canada—Special Operating Account, 5.7, 5.9, 6.41, 6.46
Loans and accountable advances, 9.31
Loans and advances, 1.20, 2.26, 9.5
  issuance of, 1.19, 2.8
  other, 1.20, 2.28
  repayment of, 1.19, 2.8
LOANS, INVESTMENTS AND ADVANCES, 9
Loans, investments and advances, 1.17, 1.20, 2.6, 2.10, 3.7, 9.3
  issuance of other, 1.19, 2.8
  other, 1.17, 1.20, 2.6, 2.28, 3.7, 9.3, 9.31
  other departments—Miscellaneous, 9.32, 9.40
  repayment of other, 1.19, 2.8
Locally engaged contributory pension account, 6.41, 6.45
Lower Churchill Development Corporation Limited, 9.18

M

- Mackenzie King trust account, 4.11, 4.14
  - Laurier House—Interest, 5.8, 5.10
- Manufacturing, processing and service industries in Canada, 9.32, 9.38
- Market debt, 2.16, 2.17, 6.2, 6.11
  - as at March 31, from 2008 to 2012, with the average rate of interest thereon, 6.9
  - of the Government of Canada, 6.10
- Market development incentive payments—Alberta, 6.43, 6.50
- Market related value of pension investments, 2.21
- Marketable bonds, 1.17, 1.21, 6.2, 6.3, 6.4
  - payable in Canadian/foreign currency(ies), 6.4
- Matured debt, 5.13
- Maturity and currency of borrowings by enterprise Crown corporations and other Government Business Enterprises, 9.15
- Maturity of Government Debt, 6.10
- Media travel expenses—Share-cost projects, 6.43, 6.50
- Members of Parliament Retirement Compensation Arrangements Account, 6.20, 6.21, 6.22, 6.27
- Members of Parliament retiring allowances, 6.20
  - Account, 6.20, 6.21, 6.22, 6.26
- Military purchases excess funds deposit, 6.44, 6.51
- Minimum lease payments related to capital leases, 6.17
- Ministerial expenditures by standard object, *see Volume II, Section 1*
- Ministerial expenditures by type, *see Volume II, Section 1*
- Ministerial revenues, *see Volume II, Section 1*
- Ministries—other program expenses, 1.16, 2.5
- Ministry summary (of source and disposition of authorities), *see related ministerial section in Volume II*
- Miscellaneous accountable advances, 9.31, 9.33
- Miscellaneous accountable imprest funds and standing advances, 9.31, 9.33
- Miscellaneous excise taxes and duties, other, 3.4
- Miscellaneous federal/provincial projects,
  - Health, 6.42, 6.47
  - Public Health Agency of Canada, 6.42, 6.47
- Miscellaneous paylist deductions, 5.3, 5.6
- Miscellaneous projects deposits—
  - Canadian Heritage, 6.41, 6.46
  - Environment, 5.7, 5.9,
  - Fisheries and Oceans, 6.42, 6.47
  - Parks Canada Agency, 6.42, 6.46
- Miscellaneous other revenues, 3.6
- Missions abroad, 9.31, 9.33
- Montreal Protocol Multilateral Fund, 5.4, 9.25
- Mortgage Insurance, 11.31, 11.32
- Mounted Police Foundation, 5.8, 5.10
- Multilateral Investment Fund, 5.4, 9.25
- Multilateral Investment Guarantee Agency, 5.4, 9.24, 9.26
- Municipal Development and Loan Board, 9.29, 9.30
- Mutual fund capital gain refund overpayments, 9.29, 9.30

N

- National Battlefields Commission—Trust Fund, 4.11, 4.13
- National Biomass Ethanol Program, 11.31, 11.33
- National Events—Donations, 5.7, 5.9
- National governments including developing countries, 1.20, 3.7, 9.3, 9.20
- National Marketing Programs, 9.31, 9.33
- National Research Council of Canada—Trust fund, 5.7, 5.9
- Native Claimants, 9.32, 9.37

N—*Concluded*

- Natural Sciences and Engineering Research Council—Trust fund, 5.7, 5.9
- Net change in other accounts, 1.19, 2.8
- Net debt, 1.13, 1.17, 2.6
  - at beginning of year, 1.18, 2.7
  - at end of year, 1.18, 2.7
  - net decrease or increase in, 1.18, 2.7
    - due to operations, 1.18, 2.7
- Net decrease or increase in cash, 2.8
- Newfoundland Offshore Revenue Account, 6.43, 6.50
- New Parks and Historic Sites Account, 4.11, 4.13
- Non-budgetary transactions and non-financial assets, 1.20
- NON-FINANCIAL ASSETS, 10
- Non-financial assets, 1.14, 1.17, 1.20, 2.6, 2.10, 10.2, 10.3
  - and non-budgetary transactions, 1.20
  - by category, 1.14, 10.2, 10.3
  - National Defence, 2.39
- Non-government agencies, 6.43, 6.50
- Non-Indian moneys, 6.43, 6.49
- Non-lapsing authorities granted/repealed in the current year, *see Volume II, Section 1*
- Non-marketable bonds and notes, *see Bonds for Canada Pension Plan*
- Non Public Property, 2.27
- Non-resident—Income tax revenues, 1.16, 2.5, 3.4
- Nordion International Inc., 9.32, 9.38
- North Atlantic treaty Organization (NATO)—Damage claims recoverable, 9.20, 9.23
- North Portage Development Corporation, 9.18, 9.19
- Northern Canada Power Commission, Field British Columbia and Yukon Operations of the, 6.35, 6.38
- Notes payable to international organizations, 5.3, 5.4
- Notes to the Consolidated Financial Statements of the Government of Canada, 2.9
- Nova Scotia Offshore Revenue Account, 6.43, 6.50
- Nuclear Liability Reinsurance Account, 4.10, 4.13, 11.30, 11.33

O

- Obligation related to capital leases, 1.17, 1.21, 2.18, 6.2, 6.11, 6.12
  - details of, 6.13
- Obligations to the Canadian Wheat Board under the Agri-Food Credit Facility and the Credit Grain Sales Program, 11.31, 11.33
- Observations of the Auditor General on the Consolidated Financial Statements of the Government of Canada, 2.37
- Old age security benefits, guaranteed income supplement and spouse's allowance, 1.16, 2.5
- On Reserve Housing Guarantee Loans Program, 9.32, 9.38, 11.30, 11.32
- Operating activities, 1.19, 2.8
- Operating leases, 2.33, 11.24
- Other accounts, net change in, 1.19, 2.8
- Other accounts payable and accrued liabilities, 1.17, 2.6, 5.2, 5.3, 5.6
- Other accounts receivable, 1.17, 1.20, 2.6, 2.24, 7.2, 7.4
- Other business loans, 9.32, 9.38
- Other cash—Consolidated Crown corporations and other entities, 7.2
- Other comprehensive income or loss, 1.16, 1.18, 2.5, 2.7, 2.12, 3.3
- Other consolidated specified purpose accounts, 4.11, 4.13
- Other deferred revenues—Specified purpose accounts, 5.7
- Other departments—Miscellaneous, 9.32, 9.40
- Other (diplomatic services, lieutenant governors, etc.), 6.22

O—*Concluded*

Other employee and veteran future benefits,
1.17, 1.20, 2.6, 6.2, 6.31
public sector pensions and, 2.11, 2.18
Other excise taxes and duties, 1.16, 2.5, 3.4, 3.5
Other fees and charges, 3.6
Other future benefits - overview of the plans, 2.19
OTHER GOVERNMENT-WIDE INFORMATION,
see Volume III, Section 10
Other levels of Government, Major transfer payments to,
1.16, 2.5, 2.13
Other liabilities, 1.17, 1.20, 2.6, 2.23, 3.12, 6.2, 6.32
Other loans, investments and advances,
1.17, 1.20, 2.6, 2.28, 3.7, 9.3, 9.31
issuance of, 1.19, 2.8
repayment of, 1.19, 2.8
OTHER MISCELLANEOUS INFORMATION,
see Volume III, Section 11
Other program expenses, 1.16, 2.5, 3.3, 3.10, 3.13
Other programs, other revenues, 1.16, 2.5, 3.6
Other receivables, 7.4
Other revenues, 1.16, 2.5, 3.3, 3.6
Other specified purpose accounts, 5.8, 6.2, 6.41
Other taxes and duties, 1.16, 2.5, 3.4
Other transactions, 1.20
Other transfer payments, 1.16, 2.5, 2.13
Other trust account, 6.36, 6.40
Outstanding cheques, 7.2
and warrants, 7.2

P

Pacific Rim Mitigation Fund, 5.7, 5.9
Parolees, 9.32, 9.38
PAYMENTS OF CLAIMS AGAINST THE CROWN,
EX GRATIA PAYMENTS AND COURT AWARDS,
see Volume III, Section 8
Payments to Quebec regarding Sales Tax Harmonization, 2.15
Pension accounts, 6.41
Pension assets, 2.20
Pension benefits - overview of the plans, 2.18
Pension and other future benefits, 1.17, 1.20, 2.6, 3.12
change in, 1.19, 2.8
Pension, other future benefits and other liabilities,
public sector pensions, 6.2, 6.19
Pension plan for federally appointed judges, 6.20
Pension plans, 6.19
Pensioners' Dental Services Plan, 6.31, 6.32
Pensions and other employee and veteran future benefits, 2.11
Pensions and other future benefits, 6.19
Performance guarantees and liquidated damages, 11.31, 11.33
Personal and non-resident income tax, 5.11
Personal—Income tax revenues, 1.16, 2.5, 3.4, 5.11
Personnel posted abroad, 9.31, 9.33
Petro-Canada Enterprises Inc—Unclaimed shares, 6.43, 6.49
Plan (Public sector pensions and other employee
and veteran future benefits),
amendments, 2.20
curtailments, 2.20
settlements, 2.21
Portfolio investments, 1.20, 3.7, 9.3, 9.18
Poverty Reduction and Growth Trust, 9.25, 9.28
Preface to the consolidated financial statements of the
Government of Canada, 2.2

P—*Concluded*

Prepaid expenses, 1.17, 1.20, 2.6, 10.2
change due to, 1.18, 2.7
Price Pooling Program—Agricultural Marketing
Programs Act, 11.30, 11.33
Prime Minister Awards and other deposits, 5.7, 5.9
Private Sector Forecasts of Nominal GDP Growth, 1.3
PROFESSIONAL AND SPECIAL SERVICES,
see Volume III, Section 3
Program activity, *see related ministerial section in Volume II*
Program expenses, other, 1.16, 2.5, 3.3, 3.10, 3.13
Program revenues, other, 1.16, 2.5, 3.6
Project deposits—Statistics Canada, 6.43, 6.49
Provincial and territorial governments, 1.20, 3.7, 9.3, 9.29
Provincial arrangement on capital assets, 5.7, 5.8
Provincial funding for collaborative arrangement—
Labour Market Development Agreement (LMDA),
British Columbia, 6.42, 6.48
Newfoundland and Labrador, 6.42, 6.48
Nova Scotia, 6.42, 6.48
Ontario, 6.42, 6.48
Yukon Territory, 6.42, 6.48
Provincial, territorial and Aboriginal tax agreements
account, 1.20, 5.3, 5.5
Provincial workers' compensation boards, 9.32, 9.36
PUBLIC DEBT CHARGES, *see Volume III, Section 7*
Public debt charges, 1.7, 1.16, 2.5, 2.13, 3.3, 3.12, 3.13, 3.14
Public Sector Pension Investment Board, 9.18, 9.19
Public sector pensions, 1.17, 1.20, 2.6, 6.2, 6.19, 6.21
and other employee and veteran future benefits, 2.11, 2.18
Public Service Death Benefit Account, 6.41, 6.45
Public Service Health Care Plan, 6.31, 6.32
Public Service Pension Fund Account, 6.21, 6.22, 6.23
Public Service Superannuation Account, 6.21, 6.22, 6.23
Purchases, 11.19

Q

Queen's Fellowship Fund, 4.11, 4.14, 5.8, 5.10

R

Radarsat, 6.43, 6.49
RADARSAT-2, 5.7, 5.9
Data satellite, 5.7, 5.9
Recapitulation of external expenses by type,
see Volume II, Section 1
Recapitulation of external revenues by source,
see Volume II, Section 1
Reconciliation of external expenditures by standard
object to expenses, *see Volume II, Section 1*
Regional Aircraft Credit Facility, 11.30, 11.32
Regular Forces Death Benefit Account, 6.41, 6.44
Remediation of contaminated sites, 2.33, 5.12, 11.34
Changes in liability for, 5.13
Reporting entity, 2.9
Reserve Force Pension Fund Account, 6.21, 6.22, 6.25
Restitutions under the Competition Act, 6.36, 6.40
Restricted donations—
Fisheries and Oceans, 5.7, 5.9
Veterans Affairs,
Canadian Memorial, 5.8, 5.10
Wounded Warrior Fund, 5.8, 5.10
Retail debt, 1.17, 1.21, 6.2, 6.6

R—*Concluded*

- Retirement Compensation Arrangements (RCA) Account, 6.21, 6.22, 6.27, 6.28
- Retiring allowances account—
  - Members of Parliament, 6.20
- Return on investments, 3.6, 3.7
  - external, 3.7
  - internal to the Government, elimination of, 3.7
  - ministerial, 3.7
    - Accrual of other revenues, 3.7
    - Net (loss) gain on exchange, 3.7
- Returned soldiers' insurance fund, 6.41, 6.45
- Revenues, *see related ministerial section in Volume II*
- Revenues, 1.5, 1.6, 1.16, 2.5, 2.9, 3.3
  - compared to 2010-2011, 1.6
  - composition of, 1.5
  - deferred, 5.3, 5.7
  - other, 1.16, 2.5, 3.3, 3.6
  - ratio, 1.5
  - tax, 1.16, 2.5, 3.3, 3.4
- REVENUES, EXPENSES AND ACCUMULATED DEFICIT, 3
- Revenues, expenses and accumulated deficit, 3.3
- Revenues, expenses and other changes in equity of,
  - consolidated Crown corporations and other entities, 4.6
  - enterprise Crown corporations and other Government Business Enterprises, 9.12
- Rideau Hall—Donations, 5.7, 5.9
- Rights and privileges, 3.6
- Risks and uncertainties, 1.15
- Royal Canadian Mounted Police—
  - Benefit trust fund, 6.36, 6.40
  - Continuation Act, 6.22
  - Dependants' pension fund, 6.41, 6.45
    - supplementary statement, 6.76
  - Disability and other future benefits, 6.31, 6.32
  - Pension Fund Account, 6.21, 6.22, 6.26
  - Pipe Band (NCR), 5.8, 5.10
  - Sponsorship Agreement—Contributions, 5.8, 5.10
  - Superannuation Account, 6.21, 6.22, 6.25

S

- Saint John Harbour Bridge Authority, 9.32, 9.39
- Sales of goods and information products, 3.6
- Sales of goods and services, 3.6
- Sales of goods and services, *see Volume II, Section 1*
- Sales of seized assets, 6.42, 6.47
- Sales Tax Harmonization, Payments to Quebec regarding , 2.15
- Schedule of minimum payments, 11.2
- Scholastic awards, 6.36, 6.40
- Securities in trust—Bankruptcy and Insolvency Act, 6.43, 6.49
- Security equipment purchases, 6.43, 6.50
- Security for costs,
  - Courts Administration Service, 6.35, 6.38
  - Supreme Court of Canada, 6.35, 6.38
- Segmented information, 2.35
- Seized assets—Canadian funds, 6.43, 6.50
- Seized property—Cash, 6.36, 6.39
- Seized Property Proceeds Account, 4.11, 4.14
- Seized Property Working Capital Account, 9.32, 9.39
- Service fees for immigration and citizenship, 5.7, 5.8
- Services of a non-regulatory nature, 3.6
- Services of a regulatory nature, 3.6
- Severance and other benefits, 6.31, 6.32
- Share of annual profit in enterprise Crown corporations and other government business enterprises, 1.19, 2.8

S —*Continued*

- Shared-cost agreements—
  - Agriculture and Agri-Food—Research, 5.7, 5.8
  - Canadian Centre for Occupational Health and Safety, 6.42, 6.48
  - Canadian Food Inspection Agency, 6.41, 6.46
  - Foreign Affairs and International Trade, 6.42, 6.47
  - Governor General—Awards, 5.7, 5.9
  - Natural Resources—Research, 6.43, 6.50
  - Transportation research and development, 5.8, 5.10
  - Veterans Affairs, 6.44, 6.51
- Shared-cost/joint project agreements—Research, 6.43, 6.49
- Shared-cost projects,
  - Canadian International Development Agency,
    - Support to various programs, 6.42, 6.47
  - Foreign Affairs and International Trade, 6.42, 6.47
  - Industry, 6.43, 6.49
  - Natural Resources, 6.43, 6.50
  - Privy Council—Media travel expenses, 6.43, 6.50
- Ship-Source Oil Pollution Fund, 4.10, 4.13
- Significant accounting policies, Summary of, 2.9
- Significant transactions, 2.15
  - Harmonized Sales Tax (HST) Transitional Assistance to British Columbia, 2.15
  - Payments to Quebec regarding Sales Tax Harmonization, 2.15
- Small Business Loans Act, 11.30, 11.32
- Social Sciences and Humanities Research Council—
  - Queen's Fellowship Fund, 5.8, 5.10
  - Trust Fund, 5.7, 5.9
- Softwood lumber products export charge, 3.4
- Source and disposition of authorities by type (voted and statutory), *see Volume II, Section 1*
- Source and disposition of budgetary authorities by ministry, *see Volume II, Section 1*
- Source and disposition of non-budgetary authorities by ministry, *see Volume II, Section 1*
- Source of budget amounts, 2.13
- Special account—Courts Administration Service, 6.43, 6.49
- Special accounts—Section 63, Indian Act, 6.35, 6.38
- Special deposits—Cash in bank, 7.2
- Special drawing rights allocations, 1.17, 1.21, 8.2, 8.3
- Special operating account—Library and Archives of Canada, 5.7, 5.9, 6.41, 6.46
- Specific claims, 2.34
- Specified purpose accounts,
  - other, 6.2, 6.41
  - other deferred revenues, 5.7
- Spectrum licence fees and other fees, 5.7, 5.8
- Spending and borrowing authorities, 2.12
- Spending authorities, 2.12
  - over-expenditure of, 2.13
- Sponsorship Agreement—Contributions, 5.8, 5.10
- Statement of all borrowing transactions on behalf of Her Majesty, 6.11
- Statement of responsibility, 2.3
- St. Lawrence Seaway Management Corporation, 9.32, 9.39
- Stoney Band Perpetual Loan, 9.32, 9.38
- Strategic outcome and program activity descriptions, *see related ministerial section in Volume II*
- Summary combined Financial Statements of enterprise Crown corporations and other Government Business Enterprises by segment, 9.9
- Summary Financial Statements of,
  - consolidated Crown corporations and other entities, 4.3
  - enterprise Crown corporations and other Government Business Enterprises, 9.8

S —*Concluded*

- Summary of insurance programs of agent enterprise Crown corporations, 11.35
- Summary of significant accounting policies, 2.9
- Summary of transactions in public sector pensions that resulted in charges to expenses, 6.22
- Superannuation accounts, 6.2, 6.21
- Supplementary Fish Fines Account, 4.11, 4.14
- SUPPLEMENTARY INFORMATION REQUIRED BY THE *FINANCIAL ADMINISTRATION ACT, see Volume III, Section 2*
- Supplementary Retirement Benefits Account, 6.22, 6.29
  - Judges, 6.21, 6.22
  - Others, 6.21, 6.22
- Support and development of trade (loans administered by Export Development Canada), 9.31, 9.34
- Swap agreements, 2.30
- Swap collateral deposit, 6.35, 6.37

T

- Tangible capital assets, 1.17, 1.20, 2.6, 2.29, 10.4
  - acquisitions of, 1.18, 1.19, 2.7, 2.8
  - amortization of, 1.18, 1.19, 2.7, 2.8
  - by main custodian ministries, 10.4
  - change due to, 1.18, 2.7
  - cost and accumulated amortization, 1.14
  - net, 10.2
  - net loss or gain on disposal of, including adjustments, 1.18, 1.19, 2.7, 2.8
  - proceeds from disposal of, 1.18, 1.19, 2.7, 2.8
- Tax revenues, 1.16, 2.5, 3.3, 3.4
- Taxes and other accounts receivable, 2.24
- Taxes payable, 1.17, 1.20, 2.6, 5.2, 5.11
  - corporate income tax; customs and excise; goods and services tax; personal and non-resident income tax, 5.11
- Taxes receivable, 1.17, 1.20, 2.6, 7.2, 7.3
  - change in, 1.19, 2.8
- Telefilm Canada—Advance account, 6.41, 6.46
- Temporary deposits received from importers, 6.36, 6.39
- Ten year comparative financial information, 1.16
- Total expenses by segment, 2.14
- Transactions in the Employment Insurance Operating Account, 4.13
- Transfer payment agreements, 2.33
- Transfer payment agreements, capital assets, purchases and operating leases, 11.3
- Transfer payments, *see related ministerial section in Volume II*
- TRANSFER PAYMENTS, *see Volume III, Section 6*
- Transfer payments, 1.16, 2.5, 3.3, 3.10, 3.13
  - by province and territory, major, 3.11
  - Canada Health and social transfer, 1.16
  - Canada health transfer, 1.16
  - Canada social transfer, 1.16
  - Fiscal arrangements, 1.16
  - other, 2.5
  - other major transfers, 1.16
  - Quebec abatement, 1.16
  - to other levels of government, Major, 1.16, 2.5, 2.13
- Transition adjustment, 1.18, 2.5, 2.7, 3.3
- Treasury bills, 1.17, 1.21, 6.2, 6.5
  - average yields at tender, 6.9
- Trust accounts, 6.36

T —*Concluded*

- Trust fund,
  - Benefit, 6.36, 6.40
  - Global Environment Facility, 5.4, 9.25, 9.27
  - Inmate's, 6.36, 6.40
  - National Battlefields Commission, 4.11, 4.13
  - National Research Council of Canada, 5.7, 5.9
  - Natural Sciences and Engineering Research Council, 5.7, 5.9
  - Social Sciences and Humanities Research Council, 5.7, 5.9
  - Veterans administration and welfare, 6.37, 6.40

U

- Unamortized discounts and premiums, 1.20, 9.5
  - on market debt, 1.17, 1.21, 6.2, 6.8, 6.11
  - on marketable bonds, 6.8
- Unamortized discounts on,
  - Canada Bills, 6.8
  - Treasury Bills, 6.8
- Unclaimed dividends and undistributed assets—
  - Bankruptcy and Insolvency Act, 6.43, 6.49
  - Canada Business Corporations Act, 6.43, 6.49
  - Winding-up and Restructuring Act, 6.43, 6.49
- Unconditionally repayable contributions, 9.31, 9.33
- Unexploded explosive ordnance affected sites, 5.12
- Unmatured debt, 1.17, 1.21, 2.6, 2.10, 2.16, 3.12, 6.2, 6.3
  - other, 1.17, 1.21, 6.2, 6.11
  - payable in Canadian currency, 1.17, 1.21, 6.2
  - payable in foreign currencies, 1.17, 1.21, 6.2
- Use of estimates and measurement uncertainty, 2.11

V

- Vehicles, 10.6
  - by sub-category, 10.6
- Veterans administration and welfare trust fund, 6.37, 6.40
- Veterans' disability and other future benefits, 6.31, 6.32
- Veterans insurance fund, 6.41, 6.45
- Veterans' Land Act Fund—Advances, 9.32, 9.40

W

- War claims fund—World War II, 6.42, 6.46
- Winter capital projects fund, 9.29, 9.30
- Workers' compensation, 6.31, 6.32
- Worker's Compensation Board,
  - Deposits/Disbursements, 6.41, 6.46
- World Health Organization, 6.42, 6.47